

# KHAI-MA MUNICIPALITY



## ANNUAL REPORT 2014/15

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## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD

I humbly presented in accordance with the Public Finance Management Act which prescribes that all government departments and entities account for the activities of the year in the form of an annual report. In light of the foresaid legislation I present the 2014/15 annual Report of Khâi-Ma Municipality. The 2014/15 financial year has been a tough year for Local Government and Khâi-Ma Municipality in particular due to the dynamic needs of our communities.

Third forces have been active during the past year mobilising community members to protest and demonstrate to make Khâi-Ma Municipality ungovernable. Therefore one can categorise the past year as a difficult year, with other administrative challenges like increase in indigent households, cash flow, revenue collection, water losses, ageing of infrastructure and community members occupying land illegally and demand services. Therefore Council has through its policies concentrated on addressing issues satisfying community needs as prioritised in the IDP, putting our people first. However the council did not lose focus and remain dedicated to the fight against unemployment, poverty and inequality. We have managed to appoint a Municipal Manager during the year, but the other crucial section 56 managers positions remain vacant due to the remuneration packages our municipality offer for the positions.

Waste Management remain a challenge for the local authority, but council have embarked on several initiatives to address the current situation, through supporting upcoming Waste Recycling Companies.

The daunting picture as presented above lead Council and the administration to do self-introspection and gear itself to address service delivery issues with the minimal resources at hand. We have achieved the following major successes in the year under review:-

- 532 Expanded Public Works Program and 1000 Community Working Program job opportunities were created both in the programmes respectively with the national office.
- 100% new indigent applications were approved.
- an Unqualified Audit opinion for the fourth consecutive year
- Witbank community in Ward 4 have for the first time in its history access to electricity
- Two capital projects were completed during financial year amounting to R 17 55 384
- Pella and Onseepkans upgrading of gravel roads are well underway and contractor on site
- The 384 housing project was successfully completed after several years
- Successful cultural festival was hosted in Pella

The council have embarked on several interventions with Stakeholders to address the challenge of economic growth for our local SMME’s. The Gamsberg project and Solar Farms Development have created the opportunity for developing Khâi-Ma as a Business HUB for Namakwa and Northern Cape as a whole. The two projects collectively will create job opportunities for more than 1800 people, however we must ensure through

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the SLP and CSR to develop potential jobseekers that we ensure our local communities benefit from this projects.

There is an urgent need for the mining- and solar energy companies, government and communities to reach common ground on issues such as employment of locals and preferential procurement from SMME's as they are all affected and interested parties in this regard.

Lastly, additional funds are required to address the short comings highlighted in this report and policies must be implemented aggressively.

In conclusion, I would like to salute my fellow councillors for they support and fellowship during the hard times, Khâi-Ma Municipal Council continues to be accountable. We appreciate the unwavering support of the community to the cause of sound public governance.

Aurelia J. Josop

(Signed by :) \_\_\_\_\_

Mayor

Councillor Aurelia Josop

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## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

This 2014/15 Annual Report was compiled in line with the Local Government: Municipal Systems Act No. 32 of 2000, the Local Government: Municipal Finance Management Act 56 No. of 2003, the National Treasury Circular No.11, as well as the customized template and guidelines for municipal annual reports provided by the Provincial Department of Local Government and Traditional Affairs.

As the newly appointed accounting officer of this prosperous Local Municipality, reporting on the work executed by my predecessors, with the effective oversight of the team of councillors, politically led by the Mayor Ms. Aurelia Joslind Josop, I take this opportunity to acknowledge the great work done in eventually presenting a credible annual report.

As a municipality, we have taken a deliberate and conscious decision to focus on performance governance to match the previous financial performance registered by the Auditor general report of this annual report/review. The Municipal profile as presented in this document will present information regarding the distribution of this population, the households where they reside and the services they have access to. Furthermore, the profile will give an indication of the level of human capital as measured by level of education and unemployment levels. The municipality uses the data from the community survey conducted by Statistics South Africa in 2011.

Leading industries in terms of contribution to KML economy are mining, renewable energy, agriculture and community services.

#### KEY SERVICE DELIVERY IMPROVEMENTS /ACTIONS TO ENSURE THAT STRATEGIC OBJECTIVE AS STIPULATED IN THE IDP ARE IMPROVED

Provision of service delivery namely, (water, sanitation, electricity and roads and storm water) in the main centres around infrastructure development. It is for this reason that the municipality's expenditure has concentrated on satisfying the community needs. Further, the expenditure is responsive to the call by the community for the municipality to come up with initiatives to grow and develop local economy in order to alleviate poverty and create job opportunities. While doing that, give priority to the needs of the Youth, Women and People leaving with disabilities (PWD) as beneficiaries in such developments.

The challenges of limited revenue base through the allocation of the Equitable Share, is not sufficient to address the needs and aspiration of the people when considering the vastness of the municipal area. In addition, the increasing indigent register requires that innovative ways of raising municipal income be implemented. Strategic partnerships would become essential.

In order to ensure that service delivery targets are attained, a culture of performance assessment and reporting would need to be cultivated. Managers should be held accountable for the delivery and non-delivery of services when resources to deliver have been made available. Performance assessment taking into consideration the corrective actions identified would require political oversight and monitoring, where necessary, external support will be requested.

#### CONCLUSION



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Alone as government, we would not be in a position to respond to the ever changing needs of our communities. We need to bring our resources together and face these challenges in a united and caring manner as we together strive to our communities to a better tomorrow.

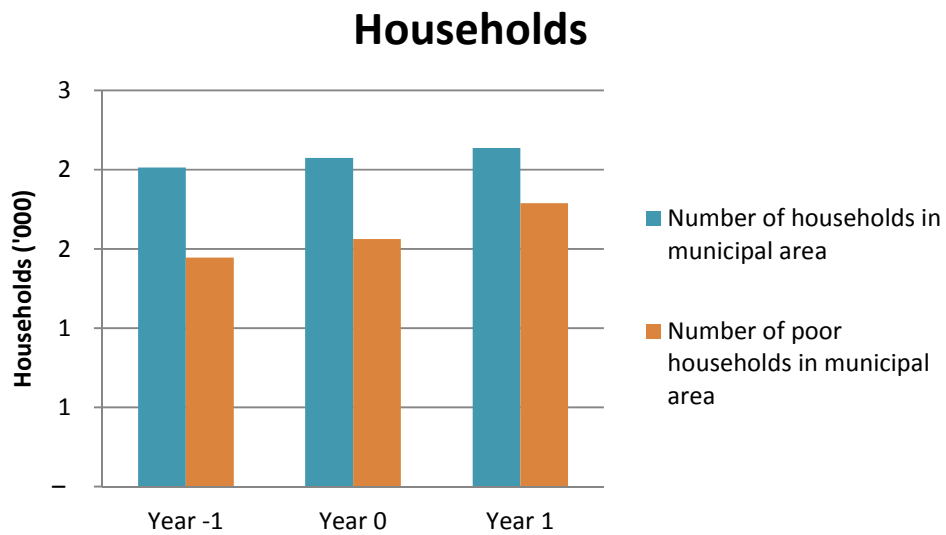
I hope that this annual report will be received for better accountability, improved consultation and participation.

I Thank You

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Population Details									
Age	Year -1			Year 0			Year 1		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	545	468	1013	567	493	1060	503	397	900
Age: 5-14	1113	1010	2123	1157	1083	2240	1095	988	2083
Age: 15-34	2120	1801	3921	2208	1844	4052	2805	2681	5486
Age: 35-64	1602	1599	3201	1652	1646	3298	1773	1688	3461
Age: 65+	243	311	554	254	333	587	284	357	641
Total	5623	5189	10812	5838	5399	11237	6460	6111	12571
Source: Statistics SA								T1.2.2	

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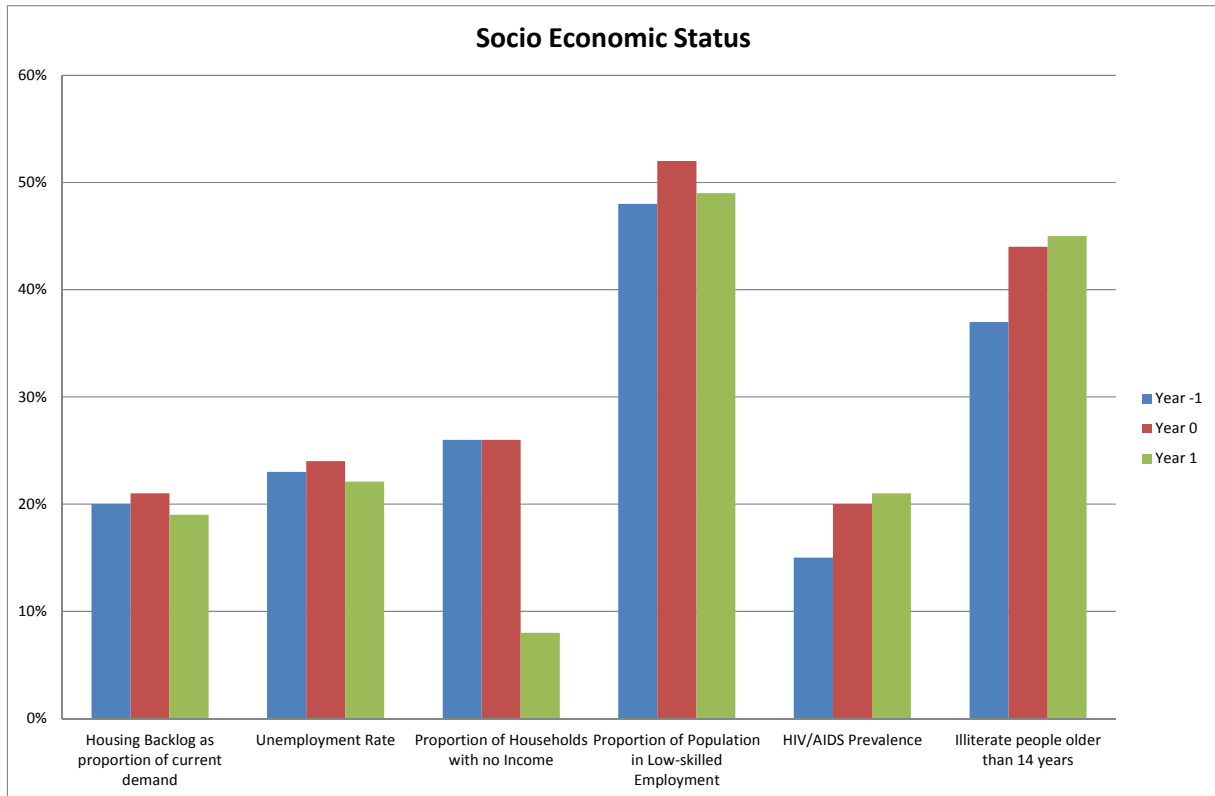
T1.2.3

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -1	20%	23%	26%	48%	15%	37%
Year 0	21%	24%	26%	52%	20%	44%
Year 1	19%	22%	8%	49%	21%	45%

T1.2.4

T1.2.5

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## COMMENT ON BACKGROUND DATA:

The municipality is characterized by vast tracts of land, pristine natural environment, unique mountains and its limited cell phone reception, which can be regarded as a unique attraction by some urban dwellers who wish to escape the rush of the cities. This inherent potential for eco-tourism needs to be exploited and managed in a sustainable manner in order to retain this unique setting.

In addition, Orange River and flowering season in Namakwaland attracts tourist from across the country and abroad. Khâi-Ma offers numerous tourism attractions like 4X4 trails, walking routes, mountain climbing, the cathedral at Pella, a “Quiver” forest at Onseepkans and cultural heritage.

T1.2.8

# Chapter 1

## 1.3. SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

#### **Water**

- All households within the municipal jurisdiction has access to potable water.
- The Municipality received during July 2015 a donation of R300 000.00 from Department of Science and Technology for the upgrading of the Onseepkans water network.
- The Solar projects in the area caused a significant impact on the consumption of water by the new consumers.
- The Witbank water extraction point was supplied with electrical connection during 2015.
- The water purification plants in Onseepkans ( Sending and Melkbosrand ) and Witbank needed to be Upgraded.
- Water balance/water losses must be managed properly.
- Drinking Water quality from the Sedibeng Water is of high quality.
- Water losses during 2014/15 was 34.34% and in Rand value R .....
- The Municipality must introduce sustainable interventions to ensure improvement in the status of Blue Drop system.

#### **Sanitation**

- Compliance with relevant legislation for waste Disposal Sites remains of a great concern.
- Chapter 3 of the National Environmental Management Act ( Act 107 of 1998 )
- Chapter 4 of the National Environmental Management Waste Act ( Act 59 of 2008 ) – Non - compliance with permit conditions i.e. fencing; signage, display of permit numbers at landfill sites.
- Illegal dumping of waste is a great concern
- Dumping of hazardous waste at the Pofadder landfill site also of concern
- Business plan was drafted for the rehabilitation of the Pofadder landfill site.
- The fleet for the removal of refuse is obsolete.

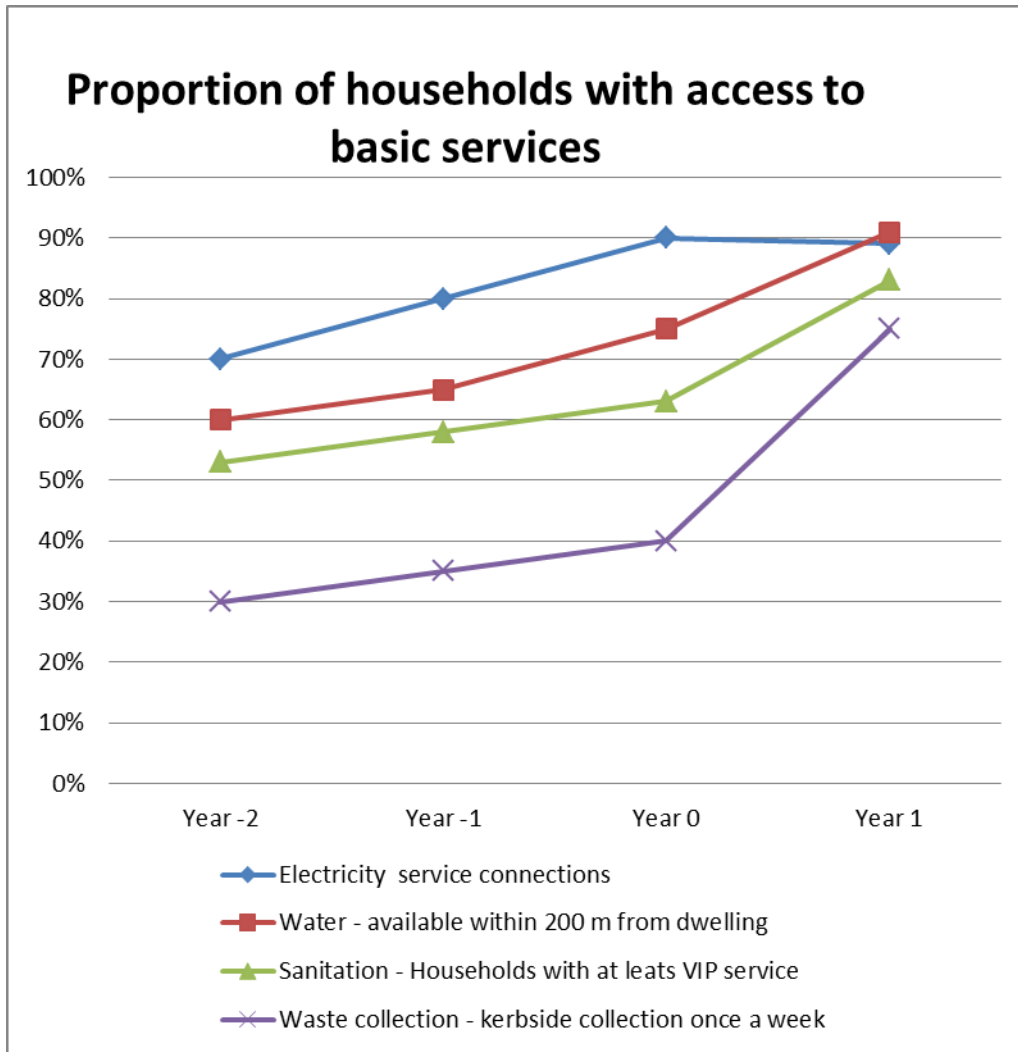
# Chapter 1

## **Waste water**

- The Municipality submitted a Business plan to ACIP for 4 ( four ) Honey Sucker Trucks
- This resulted in a relief for the suffering due to the obsolete Honey Sucker Trucks that the Municipality used at that stage.
- The oxidation pounds in Pofadder were equipped with a razor blade fence and also sign boards at the entrance of the facility.
- No samples were taken for analysis for the purpose of the Green Drop status.
- Business plan also submitted for funding to the Department of Water and Sanitation for new oxidation pounds.

T1.3.2

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# Chapter 1

## 1.4. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

The municipality experienced severe cashflow problems. This is due to the fact that the municipality has a very small income base because of the severe number of unemployed households within the region. The municipality is dependant on grant funding due to the small income base. Should the equitable share not be increased substantially in the future, the municipality will be faced with serious going concern problems.

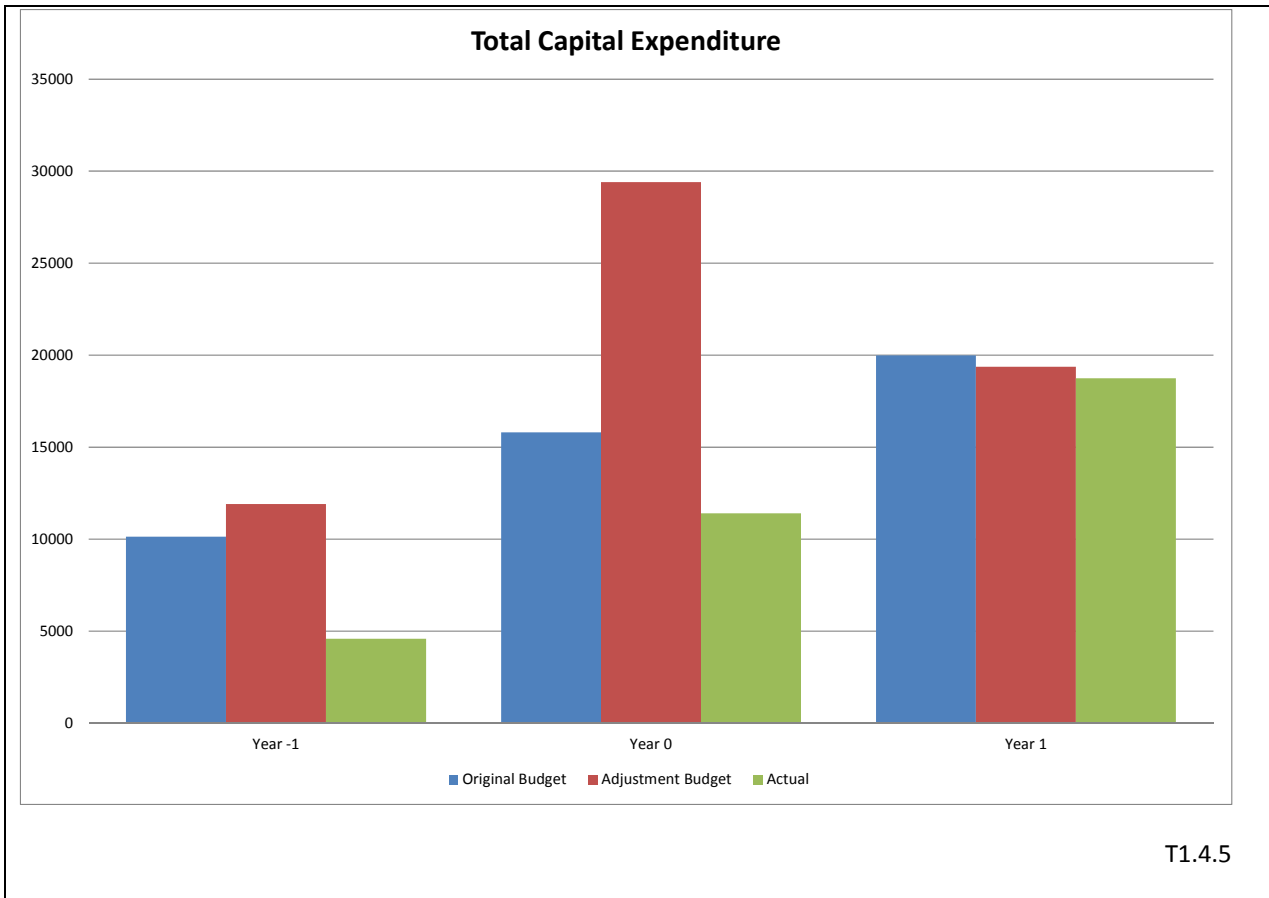
T1.4.1

Financial Overview - Year 1			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income			
Grants	43 113	43 641	35 267
Taxes, Levies and tariffs	21 354	19 360	18 542
Other	3 978	8 334	1 342
Sub Total	68 445	71 335	55 151
Less Expenditure	48 984	52 402	43 795
Net Total*	19 461	18 933	11 356
* Note: surplus/(deficit)			T1.4.2

Operating Ratios	
Detail	%
Employee Cost	26.88
Repairs & Maintenance	2.15
Finance Charges & Depreciation	8.82
	T1.4.3

Total Capital Expenditure: Year -1 to Year 1			
			R'000
Detail	Year -1	Year 0	Year 1
Original Budget	10133	15803	19987
Adjustment Budget	11913	29398	19372
Actual	4593	11401	18744
			T1.4.4

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## COMMENT ON CAPITAL EXPENDITURE:

The capital expenditure increase compared to the previous years. Three capital projects were completed during the 2014/15 financial year amounting to R8,079,139. The total capital expenditure amounting to R18,744,345.



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## 1.5. AUDITOR GENERAL REPORT

### **Report of the auditor-general to the Northern Cape provincial legislature and the council on Khai-Ma Local Municipality**

#### **Report on the financial statements**

##### **Introduction**

1. I have audited the financial statements of the Khai-Ma Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

##### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Khai-Ma Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA standards of GRAP and the requirements of the MFMA and DoRA.

##### **Emphasis of matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

##### **Restatement of corresponding figures**

8. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 30 June 2015 in the financial statements of Khai-Ma Local Municipality at, and for the year ended, 30 June 2014

##### **Financial sustainability**

9. The statement of financial position indicates that the Khai-Ma Local Municipality current liabilities exceeded its current assets by R10 699 921. These conditions, along with other matters as set forth in

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the note 55, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

## Material losses

10. As disclosed in note 45.8 to the financial statements, material losses to the amount of R1 460 833 were incurred as a result of electricity and water distribution losses.

## Additional matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Unaudited supplementary schedules

12. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

## Unaudited disclosure notes

13. In terms of section 125(2) (e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## Report on other legal and regulatory requirements

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

15. The annual performance report was not presented for auditing and consequently my findings below are limited to the procedures performed on the strategic planning and performance management documents for the following selected development objectives:

Basic service delivery indicators: Key Performance Indicators (KPI): 16, 31, 38, 40-42, 85,161-162,164-165, 170, 172, 176, 179, 180-187, 189-190, 192-193 and 195 as included in the Service Delivery and Budget Implementation Plan (SDBIP) was selected.

16. I assessed the information to determine whether the performance indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
17. The material findings in respect of the selected objectives are as follows:

## Basic service delivery indicators

### Usefulness of performance information

18. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 80% (>20%) of the indicators were not well defined.
19. Performance targets should be specific in clearly identifying the nature and required level of performance as required by the FMPPI. A total of 24% (>20%) of the targets were not specific.
20. Performance targets should be measurable as required by the FMPPI. I could not measure the required performance for 100% (>20%) of the targets.
21. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 100% (>20%) of the indicators were not verifiable.
22. This was because management was not aware of the requirements of the FMPPI and due to a lack of proper systems and processes for performance information.

## Compliance with legislation

23. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material

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findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

## **Strategic planning and performance management**

24. The municipality did not establish a performance management system, as required by section 38(a) of the Municipal Systems Act.
25. The performance of the municipality were not assessed during the first half of the financial year, as required by section 72(1)(a)(ii) of the MFMA.
26. The municipality did not give effect to its integrated development plan and conduct its affairs in a manner which was consistent with its integrated development plan as required by section 36 of the MSA, section 21(2)(a) of the MFMA and Municipal planning and performance management regulation 6.
27. The KPIs set by the municipality did not include indicators on percentage of households with access to basic level of water, sanitation and electricity were not set by the municipality as required by section 43(2) of the MSA and the Municipal planning and performance management regulation 10(a).
28. The service delivery and budget implementation plan (SDBIP) for implementing the municipality's delivery of municipal services did not indicate projections for each month of the revenue to be collected, by source and the operational and capital expenditure, by vote.
29. The performance management system and related controls were not in place as it did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting, improvement and how it is conducted, organised and managed, including determining the roles of the different role-players, as required by sections 38 of the MSA and regulation 7 of the Municipal planning and performance management regulations.
30. The annual performance agreements for the municipal manager and all senior managers are not linked to the measurable performance objectives approved with the budget and to the service delivery budget implementation plan as required in terms of section 53(1)(c)(iii) of the MFMA and section 57(1)(b) of the MSA.

## **Financial statements, performance and annual reports**

31. The annual performance report was not prepared for the financial period under review, as required by section 46 of the MSA.
32. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.
33. The oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2014/15 annual report was tabled, as required by section 129(1) of the Municipal Finance Management Act.

## **Audit committees**

34. An audit committee was not in place, as required by section 166(1) of the MFMA.
35. A performance audit committee was not in place and the audit committee was not used to fulfil the performance audit committee function, as required by Municipal planning and performance management regulation 14(2)(a).

## **Internal audit**

36. An internal audit unit was not established, as required by section 165(1) of the MFMA.

## **Procurement and contract management**

37. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA.
38. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2) (c) of the MFMA.

## **Human resource management and compensation**

# Chapter 1

39. Job descriptions were not established for all posts in which appointments were made in the current year, in contravention of section 66(1)(b) of MSA.
40. The competencies of the senior managers were not assessed in a timely manner in order to identify and address gaps in competency levels as required by Municipal Regulations on Minimum Competency Levels 13.
41. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the Regulations on Minimum Competency Levels reg14(2)(a).
42. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies as required by the Regulations on Minimum Competency Levels reg14(2)(b) .
43. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor, measure and evaluate performance of staff in contravention of MSA sec 67(d).
44. Senior managers did not sign performance agreements, as required by section 57(2)(a) of the Municipal Systems Act.

## **Expenditure management**

45. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.
46. Reasonable steps were not taken to prevent unauthorised expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

## **Conditional grants received**

47. Municipal Systems Improvement Grant (MSIG) funds were retained or rollover to the next financial year without seeking the approval of the National Treasury, as required by sections 22(1) of the DoRA.

## **Revenue management**

48. A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of MFMA.

## **Asset and liability management**

49. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

## **Consequence management**

50. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.
51. Authorisation of unauthorised expenditure was not done through an adjustment budget, as required by section 32(2)(a)(i) of the MFMA.

## **Internal control**

52. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

## **Leadership**

53. The Mayor did not develop and submit for adoption by the council, a performance management system to report on service delivery. Leadership did not hold staff of the municipality accountable due to the performance system not being implemented
54. During the financial year under review, leadership did not take timeous and adequate action to address weaknesses in the finance and SCM directorates which resulted in non-compliance with applicable legislation and gave rise to unauthorised and fruitless and wasteful expenditure.
55. The leadership did not ensure adherence to SCM policy at the municipality, which resulted in processes not preventing material non-compliance.
56. The accounting officer did not communicate the commitment to quality in preparing the annual financial statements.

## **Financial and performance management**

# Chapter 1

57. During the financial year under review, management also did not ensure that all transactions and records were internally checked to detect and correct errors in the financial records.
58. During the year under review, the accounting officer did not regularly review and monitor management's compliance with all laws and regulations and internally designed policies and procedures. As a result, significant non-compliance issues were noted that could have been prevented.
59. The municipality did not have a delegated employee to review and monitor compliance with applicable laws and regulations. There are deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations and performance information.
60. Management did not follow up on the prior audit findings which resulted in the municipality not submitting an annual performance report for the current and prior financial year.
61. Management did not review the financial statements, to ensure the achievement of fair presentation; this resulted in material amendments to the financial statements.
62. Records management and maintenance disciplines should be refined and included in the daily key controls and reviewed and monitored by the appropriate level of management.

## Governance

63. Management did not review or monitor risks identified. In addition no risk assessment was performed relating to the IT environment.
64. The internal audit unit did not function for the entire financial year. Internal audit reports were not available; consequently management could not implement or address findings raised by the internal audit unit.
65. Prior years audit finding was not address by management as the council did not establish an audit committee as required by the MFMA.

Kimberley  
30 November 2015



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Chapter 1

## 1.6. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January
T1.7.1		

# Chapter 1

## COMMENT ON THE ANNUAL REPORT PROCESS:

A draft annual report was not submitted during the audit process due to the lack of senior managers.

T1.7.1.1

# Chapter 2

## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Note: The Constitution S151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

T2.1.0

#### 2.1 POLITICAL GOVERNANCE

##### POLITICAL STRUCTURE

Function

##### **MAYOR /SPEAKER**

Councillor Aurelia Joslind Josop

##### **CHIEF WHIP**

Councillor Henry Raman

#### COUNCILLORS

has seven (7) Councillors, three (3) Proportional Representation(PR) and four (4) Ward Councillors. The Four (two male and two female) Ward Councillors represent the ANC, two (one male and one female) represent COPE and one (1 male) represent DA. The Mayor is the Chairperson of Council.



# Chapter 2

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA s60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

T2.2.1

### TOP ADMINISTRATIVE STRUCTURE

*Photo*

#### TIER 1

#### MUNICIPAL MANAGER

Obakeng Isaacs

**Function**

*Photo Executive  
Directors  
Directors  
Optional*

#### TIERS 2

#### EXECUTIVE DIRECTOR:

Pieter van der Merwe  
DIRECTOR: Chief Financial Officer

Note: \* Notes -officials on fixed term performance contracts reporting to the Municipal Manager under the Municipal Systems Act Section 57.

T2.2.2

# Chapter 2

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Note: MSA S3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution S41.

T 2.3.0

## 2.3 INTERGOVERNMENTAL RELATIONS

### DISTRICT INTERGOVERNMENTAL STRUCTURES

According to the Municipal Structures Act Amendment Act, a district municipality is responsible for integrated development planning for the district municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality. The Municipal Structures Act further states that this framework binds both the district municipality and the local municipalities in the area of the district municipality. The municipality face serious capacity constraints. Therefore, it is useful to allocate certain challenging tasks, which require scarce resources, to the district municipality.

T2.3.4

# Chapter 2

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

MSA S15 (b): requires a municipality to establish and organise its administration to facilitate and a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

T 2.4.0

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

Communications between the municipality and its citizens should be in the form of qualitative engagement. This entails the identification of needs and subsequent implementation of programmes and projects that address such needs. The strategy shall amongst other things recommend that media and other means of communication be utilized by the municipality to achieve its strategic communicative goals.

T2.4.1

# Chapter 2

## WARD COMMITTEES

Ward committees of all four wards were re-established because all of them are not functional.

T2.4.2

# Chapter 2

## COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The attending of the public meetings were not always very good. Council should encourage the public to attend the meetings. This meeting is very important because of the IDP and Budget.

T2.4.3.1

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 Municipal Systems Act 2000	
T2.5.1	

# Chapter 2

## COMPONENT D: CORPORATE GOVERNANCE

### 2.6 RISK MANAGEMENT

#### RISK MANAGEMENT

Note: MFMA S62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

The management of risk is the process by which the Accounting Officer, Chief Financial Officer and the other senior management of a Municipality will pro-actively, purposefully and regularly, but at least annually, identify and define current as well as emerging business, financial and operational risks and identify appropriate, business and cost effective methods of managing these risks within the Municipality, as well as the risk to the stakeholders.

Risk is often created by:

- Changes that takes place within the Municipality (i.e. people, systems, processes, technology, legislation and regulations);
- External influences (i.e. economics, availability of human resources and damages);
- Operations and complexity of processes;
- Volume of activities within a Municipality; and
- The nature of the control environment.

T2.6.1

# Chapter 2

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

Notes: See Chapter 4 details of Disciplinary Action taken on cases of financial mismanagement (T4.3.6). MSA 2000 S83(c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

subscribes to the principles of good corporate governance, which requires the conducting business in an honest and transparent fashion. Consequently is committed to fighting fraudulent behaviour at all levels within the organization. The Fraud Prevention Plan is premised on the organizations core ethical values driving the business of , the development of its systems, policies and procedures, interactions with ratepayers, the public and other stakeholders, and even decision-making by individual managers representing the organization. This means that in practice all departments and other business units of and even external stakeholders must be guided by the Plan as the point of reference for their conduct in relation to .

In addition to promoting ethical conduct within , the Plan is also intended to assist in preventing, detecting, investigating and sanctioning fraud and corruption.

This dynamic document details the steps, which have been, and will continually be taken by to promote ethical conduct and address fraud and corruption.

The policy of is zero tolerance to fraud and corruption. In addition, all fraud and corruption will be investigated and followed up by the application of all remedies available within the full extent of the law and the implementation of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies and procedures of .

The efficient application of instructions contained in the policies and procedures of , is one of the most important duties to be applied by every employee in the execution of their daily tasks.

#### **Human Resources – Employment Practices**

is committed to developing human resources systems, policies and procedures, which incorporate fraud and corruption prevention practices. There is a risk of poor implementation of its human resource systems, policies and procedures and undertakes testing thereof during internal audits in which control shortcomings are subsequently addressed.

#### **Discipline**

will be consistent and efficient in its application of the disciplinary measures. Additional measures, which will be considered include:

# Chapter 2

- Communication of specific disciplinary standards and forbidden conduct;
- Introducing a system where the application of disciplinary measures is applied consistently;
- Steps for on-going training of managers in the application of disciplinary measures;
- Where managers are found to be inconsistent and/or inefficient in the application of discipline, will consider firm action; and
- Publication (within the permissible legal framework) of the outcomes and sanctions of
- Disciplinary actions, including lessons learned. The successful achievement of these initiatives, together with their communication is expected to have a deterrent effect.

## **Financial Systems and Control**

Appropriate finance policies and procedures are also necessary to ensure appropriate internal control over finance management and to limit fraud and corruption risks. The effectiveness of the existing finance policies and procedures will also be tested during the course of internal audits and shortcomings are addressed.

The Council of must approve an annual budget for before the start of the financial year. may only incur expenditure in terms of an approved budget and within limits of the amounts appropriated for the different votes in an approved budget.

## **Procurement**

Further, the MFMA stipulates that the procurement policy of must at least address the following aspects: he barring of persons from participating in tendering or other bidding processes that

have:

Been convicted of fraud or corruption during the past five years;

Wilfully neglected, reneged on or failed to comply with government contract

During the past five years; and

Whose tax matters are not cleared by SARS

In order to fulfil its housing role, must carry out the following functions:

- Health and Safety: ensure that conditions not conducive to health and safety of the inhabitants of its areas of jurisdiction are prevented or removed;
- Efficient Services: ensure that services in respect of water, sanitation, electricity, roads, stormwater drainage and transport are provided in a manner that is economically efficient;
- Housing Delivery Goals: set housing delivery goals in respect of its area of



# Chapter 2

jurisdiction;

- Land for Housing: identify and designate land for housing development;
- Public Environment: create and maintain a public environment conducive to housing development which is financially and socially viable;
- Conflict Resolution: promote the resolution of conflicts arising in the housing development process;
- Bulk and Revenue Generating Services: provide bulk engineering services, and

Revenue generating services in so far as specialist utility suppliers do not provide such services;

- Land Use: plan and manage land use and development; and
- Housing Development: initiate, plan, co-ordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction.

## **Risk Management and Assessment**

In order to identify and address risks facing , a risk assessment will be performed on an annual basis. This process will be complimented by the specific identification of existing controls to mitigate risks identified. Additional actions to further mitigate these risks will culminate in a risk management plan. Presentations to employees of will be conducted in order to ensure that they have a more detailed understanding of the fraud and corruption risks facing and the areas wherein these risks exist, thus enhancing the prospect of detecting irregularities earlier.

## **Internal and External Audit**

The MFMA stipulates that a Municipality must maintain a system of internal audit under the control and direction of an audit committee. Furthermore, the internal audit function of is required to report on matters relating to:

- Internal Control;
- Accounting procedures and practices;
- Risk and risk management;
- Loss control; and
- Compliance with applicable legislation.

# Chapter 2

created an Internal Audit Unit that only consists of one (1) official, which include anti-corruption capacity under the guidance of an Audit Committee. This Municipality does not have an Audit Committee due the financial implications and lack of capacity.

## **Physical and Information Security**

### ***Physical Security***

's main physical security threat arises in the area of control over its physical assets, facilities and employees. Security personnel and access systems are deployed to mitigate this threat. However, control over security personnel and access systems should continuously be reviewed for adequacy.

Furthermore, will continue to pursue steps to ensure adequate security over its people, confidential information and information systems.

will ensure that all employees are sensitised on a regular basis to the fraud and corruption risks associated with information security and the utilisation of computer resources, in particular – access control, and ensure that systems are developed to limit the risk of manipulation of computerised data.

Regular communiqués will be forwarded to employees pointing out security policies, with a particular emphasis on e-mail and Internet usage and the implications (e.g. disciplinary action) of abusing these and other computer related facilities. Where employees are found to have infringed on prevailing policy in this regard, disciplinary action will be taken.

## **Reporting and Monitoring of fraud and corruption**

### ***Reporting Channels***

The reporting channels for unethical conduct, fraud and corruption impacting are the following:

- All allegations of fraud and corruption should be reported by employees to their immediate managers;
- If there is a concern that the immediate manager is involved, the report must be made to any other member of management, the Municipal Manager and/or the Chairperson of the Audit Committee;
- All managers should report all allegations to the Municipal Manager who will initiate an investigation; and
- Should an employee wish to make a report anonymously, such a report may be made to any member of management, the Municipal Manager, the Chairperson of the Audit Committee and / or the Mayor.

### **Implementation structure**

will consider the establishment of a Fraud Prevention Committee whose responsibility will include the implementation of the Plan. This Committee will include champions from all faculties and other business units. The terms of reference of this team will include the following in relation to the Plan:

- Securing buy-in from all stakeholders;

# Chapter 2

- Information sharing;
- On going identification of weaknesses in systems and solutions;
- Creating awareness and ensuring adequate training and education to promote the Plan; and
- Assessing progress and on-going maintenance and review.

T2.7.1

# Chapter 2

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

Note: MFMA S110-119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

#### Range of procurement processes

- (1) **Goods and services may only be procured by way of –**
  - (a) No petty cash transaction allowed;
  - (b) written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
  - (c) formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and
  - (d) a competitive bidding process for–
    - (i) procurements above a transaction value of R200 000 (VAT included); and
    - (ii) the procurement of long term contracts (Referred to in section 5) .
- (2) **The accounting officer may, in writing-**
  - (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
  - (b) direct that –
    - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;
    - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
  - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) **Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy.**

When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

# Chapter 2

Bid adjudication was not done by a committee which was composed in accordance with municipal supply chain management, regulation 29(2).

Contracts and quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by municipal supply chain management, regulation 43.

Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by municipal supply chain management, regulation 13(c).

# Chapter 2

## 2.9 BY-LAWS

COMMENT ON BY-LAWS:

By-laws Introduced during Year 1					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Advertisement Signs	No	Yes	2-Apr-14	No	N/A
Antenna System	No	Yes	2-Apr-14	No	N/A
Graveyard	No	Yes	2-Apr-14	No	N/A
Control of Keeping Dogs	No	Yes	2-Apr-14	No	N/A
Control of Animals, Poultry & Bees	No	Yes	2-Apr-14	No	N/A
Control of Street Trading	No	Yes	2-Apr-14	No	N/A
Building Control	No	Yes	2-Apr-14	No	N/A
Fire Brigade	No	Yes	2-Apr-14	No	N/A
Electricity	No	Yes	2-Apr-14	No	N/A
Caravan Park	No	Yes	2-Apr-14	No	N/A
Municipal Commonage	No	Yes	2-Apr-14	No	N/A
Rules of Procedure	No	Yes	2-Apr-14	No	N/A
Debt Collection	No	Yes	2-Apr-14	No	N/A
Standing Orders	No	Yes	2-Apr-14	No	N/A
Taxi Ranks	No	Yes	2-Apr-14	No	N/A
Garbage	No	Yes	2-Apr-14	No	N/A
Fireworks	No	Yes	2-Apr-14	No	N/A
Water Supply	No	Yes	2-Apr-14	No	N/A
Law Enforcement	No	Yes	2-Apr-14	No	N/A

Note: MSA 2000 S11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

Consultant was appointed to compile By-Laws, draft By-Laws not yet tabled by Council and no public participation has take place.

T2.9.1.1

# Chapter 2

## 2.10 WEBSITES

Municipal Website : Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	2015
All current budget-related policies	Yes	2015
The previous annual report (Year 0)	No	N/A
The annual report (Year 1) published/to be published	No	N/A
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 1) and resulting scorecards	No	N/A
All service delivery agreements (Year 1)	No	N/A
All long-term borrowing contracts (Year 1)	No	N/A
All supply chain management contracts above a prescribed value (give value) for Year 1	No	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	N/A
Contracts agreed in Year 1 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A
Public-private partnership agreements referred to in section 120 made in Year 1	No	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 1	No	N/A
<i>Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The Municipality has established in wordpress and is user-friendly and are in a process of maintaining in accordance of section 75 of the MFMA.

# Chapter 2

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### PUBLIC SATISFACTION LEVELS

T2.11.1

Satisfaction Surveys Undertaken during: Year 0 and Year 1				
Subject matter of survey	Survey method	Survey date	No of people included in survey	Survey results indicating satisfaction or better (%) *
<b>Overall satisfaction with:</b>				
(a) Municipality	No surveys	n/a	n/a	n/a
(b) Municipal Service Delivery	No surveys	n/a	n/a	n/a
(c) Mayor	No surveys	n/a	n/a	n/a
<b>Satisfaction with:</b>	No surveys	n/a	n/a	n/a
(a) Refuse Collection	No surveys	n/a	n/a	n/a
(b) Road Maintenance	No surveys	n/a	n/a	n/a
(c) Electricity Supply	No surveys	n/a	n/a	n/a
(d) Water Supply	No surveys	n/a	n/a	n/a
(e) Information supplied by municipality to the public	No surveys	n/a	n/a	n/a
(f) Opportunities for consultation on municipal affairs	No surveys	n/a	n/a	n/a
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				T2.11.2

### COMMENT ON SATISFACTION LEVELS:

No surveys was conducted during the 2014/15 Financial year.

T2.11.2.2



# Chapter 3

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### INTRODUCTION

#### VISION

“To improve the living standards and circumstances of residents with its limited resources, to ensure health and safety and to strengthen the local economy by creating an environment conducive to investment”

#### MISSION

“It is Khâi-Ma Municipality’s mission to ensure affordable service delivery and sustainable economic development through good and transparent municipal governance and aggressive application of the Batho Pele Principles”.

#### STRATEGIC OBJECTIVES

##### Main objectives

- Provision of sustainable services to the inhabitants and maintain existing resources;
- Develop Municipality as institution through transformation and capacity building
- Promotion of local economic development through poverty alleviation, job creation, empowerment of the previous disadvantage people with capacity building in business skills and establishment of a climate for investment.
- Promote Sound financial management and Viability

##### Priorities

- Services Delivery
- Institutional Development and Transformation
- Local Economic Development
- Financial management and Viability
- Good Governance and Public Participation

# Chapter 3

## COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

### 3.1. WATER PROVISION

#### INTRODUCTION TO WATER PROVISION

Note: Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year 0	0	0	64453	546121	210447
Year 1	0	0	73186	561354	202589
					T3.1.2

#### COMMENT ON WATER USE BY SECTOR:

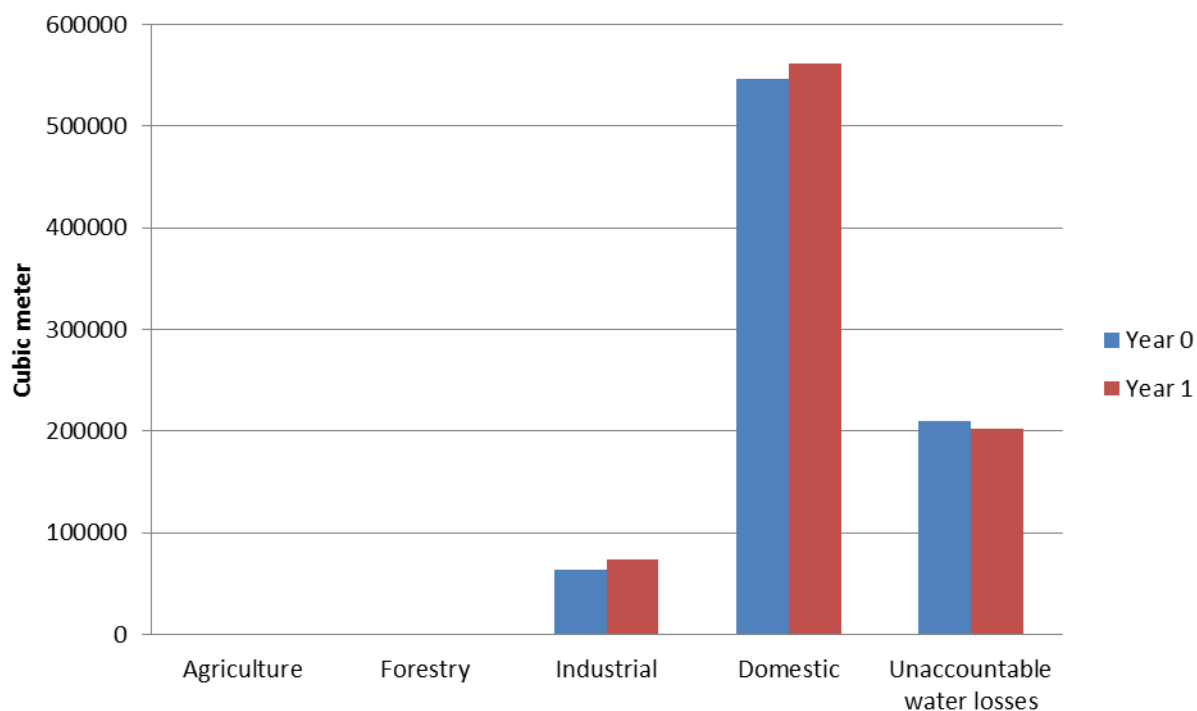
The household water demand is significantly higher than the businesses. The household demand increased significantly over the past two year due to climate change and more houses being built.

T3.1.2.2

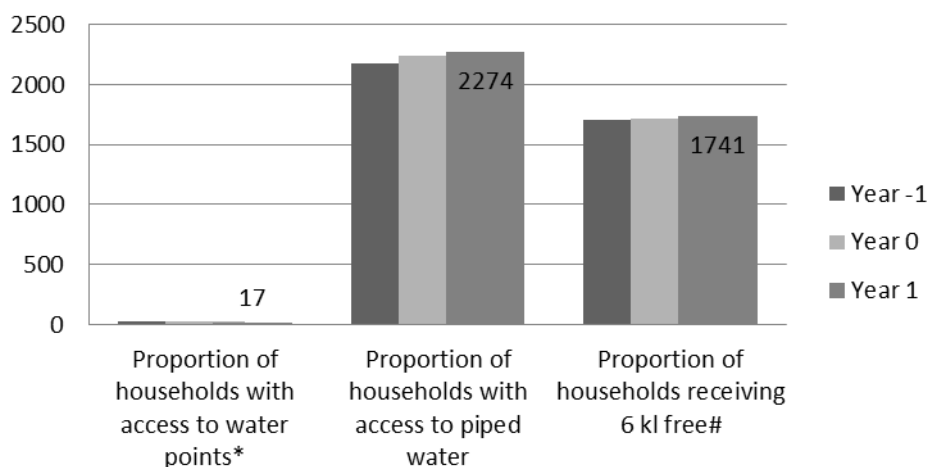
Water Service Delivery Levels				
Description	Households			
	Year -2	Year -1	Year 0	Year 1
	Actual No.	Actual No.	Actual No.	Actual No.
<b>Water: (above min level)</b>				
Piped water inside dwelling	546	843	846	894
Piped water inside yard (but not in dwelling)	997	1 032	1 335	1 370
Using public tap (within 200m from dwelling )	-	-	15	10
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	1 543	1 875	2 196	2 274
<i>Minimum Service Level and Above Percentage</i>	76%	84%	97%	92%
<b>Water: (below min level)</b>				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	486	486	486	200
No water supply				
<i>Below Minimum Service Level sub-total</i>	486	359	58	200
<i>Below Minimum Service Level Percentage</i>	24%	16%	3%	8%
<b>Total number of households*</b>	2 029	2 234	2 254	2 474
* - To include informal settlements				T3.1.3

# Chapter 3

## Water use by Sector



## Access to Water



\* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute

# 6,000 liters of potable water supplied per formal connection per month

T3.1.5

# Chapter 3

Water Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year 0		Year 1			Year 2	Year 4	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Households without minimum water supply	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	50 additional HHs (30 HHs outstanding)	65 additional HHs (45 HHs outstanding)	71 additional HHs (58 HHs outstanding)	85 additional HHs (77 HHs outstanding)	90 additional HHs (81 HHs outstanding)	95 additional HHs (87 HHs outstanding)	99 additional HHs (88 HHs outstanding)	106 additional HHs (91 HHs outstanding)
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year 0 (30 interruptions of one hour or more during the yr)	T 0% (73 Ints)	A 97% 71 Ints)	T 81% (58 Ints)	T 72 % (51 Ints)	A 74% (53 Ints)	T 72% (51 Ints)	T 60% (43 Ints)	T 56% (40 Ints)
Improve water conservation	Reduce unaccountable water levels compared to the baseline of Year 0 (xxx kilolitres (KLs) unaccounted for during the yr)	To% (111142 KLs)	Ao% (122141 KLs)	T95% (116034 KLs)	T91% (111393 KLs)	A87% (105823 KLs)	T82% (100532 KLs)	T78% (95505 KLs)	T74% (90730KLs)
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year 0 Budget/IDP round; *'Current Year' refers to the targets set in the Year 1 Budget/IDP round. *'Following Year' refers to the targets set in the Year 2 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									
									T3.1.6

# Chapter 3

Financial Performance Year 1: Water Services					
R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	9399	7934	7660	7041	-13%
Expenditure:					
Employees	1172	1945	1625	1153	-69%
Repairs and Maintenance	298	400	400	234	-71%
Other	13190	5378	5344	9683	44%
<b>Total Operational Expenditure</b>	14660	7723	7369	11070	30%
<b>Net Operational Expenditure</b>	-5261	211	-291	-4029	105%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.1.8

Employees: Water Services					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	4	4	4	0	0%
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
<b>Total</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0%</b>
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					T3.1.7

# Chapter 3

Capital Expenditure Year 1: Water Services					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	880	880	692	-27%	
Development of 198 sites	880	880	692	-27%	880
Project B	0	0	0	#DIV/0!	0
Project C	0	0	0	#DIV/0!	0
Project D	0	0	0	#DIV/0!	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T3.1.9

## COMMENT ON WATER SERVICES PERFORMANCE OVERALL

Coghsta funded the Development of 198 stands in Pofadder. The project started in January 2014 be completed in November 2014. Two villages in Onseepkans still have water shortages. The water purification plants in Onseepkans and Witbank should be upgraded to provide enough water to all consumers.

## 3.2 WASTE WATER (SANITATION) PROVISION

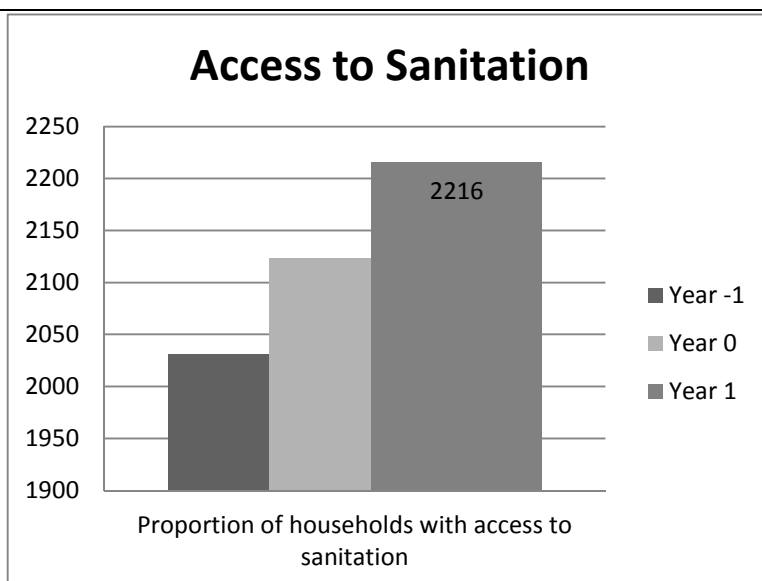
### INTRODUCTION TO SANITATION PROVISION

Services are rendered in all towns except Aggeneys. Consumer make use of septic tanks in case where a sewerage system is not available.

T3.2.1

# Chapter 3

Sanitation Service Delivery Levels				
Description	Year -2	Year -1	Year 0	Year 1
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>				
Flush toilet (connected to sewerage)	349	350	365	370
Flush toilet (with septic tank)	1 102	1 083	1 226	1 285
Chemical toilet	–	–	–	–
Pit toilet (ventilated)	399	399	399	399
Other toilet provisions (above min.service level)	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	1 850	1 832	1 990	2 054
<i>Minimum Service Level and Above Percentage</i>	96.1%	96.3%	97.2%	83.0%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>				
Bucket toilet	–	–	–	–
Other toilet provisions (below min.service level)	75	70	57	162
No toilet provisions	–	–	–	258
<i>Below Minimum Service Level sub-total</i>	75	70	57	420
<i>Below Minimum Service Level Percentage</i>	3.9%	3.7%	2.8%	17.0%
<b>Total households</b>	<b>1 925</b>	<b>1 902</b>	<b>2 047</b>	<b>2 474</b>
<i>*Total number of households including informal settlements</i>				<b>T3.2.3</b>



COMMENT: The pressure on municipal vehicles to deliver the services causing breakages. R3,8 million was allocated to the municipality to purchase 4 honey sucker trucks in the 2014/15 financial year.

# Chapter 3

T3.2.5



# Chapter 3

[illegible]

# Chapter 3

Employees: Water Services					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	4	0	25%
4 - 6	2	2	2	0	0%
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	6	6	6	0	25%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					

# Chapter 3

Financial Performance Year 1: Sanitation Services					
R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	988	4662	3235	3213	-45%
Expenditure:					
Employees	1088	1945	1554	1062	-83%
Repairs and Maintenance	4	30	30	28	-7%
Other	1719	2053	1946	1684	-22%
<b>Total Operational Expenditure</b>	2811	4028	3530	2774	-45%
<b>Net Operational Expenditure</b>	-1823	634	-295	439	-44%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.2.8

Capital Expenditure Year 1: Sanitation Services					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2951	2140	1577	-87%	
Upgrading of sewerage pumps	640	640	526	-22%	640
Dev of 198 sites	2311	1500	1577	-47%	4330
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.2.9

# Chapter 3

## 3.3 ELECTRICITY

### INTRODUCTION TO ELECTRICITY

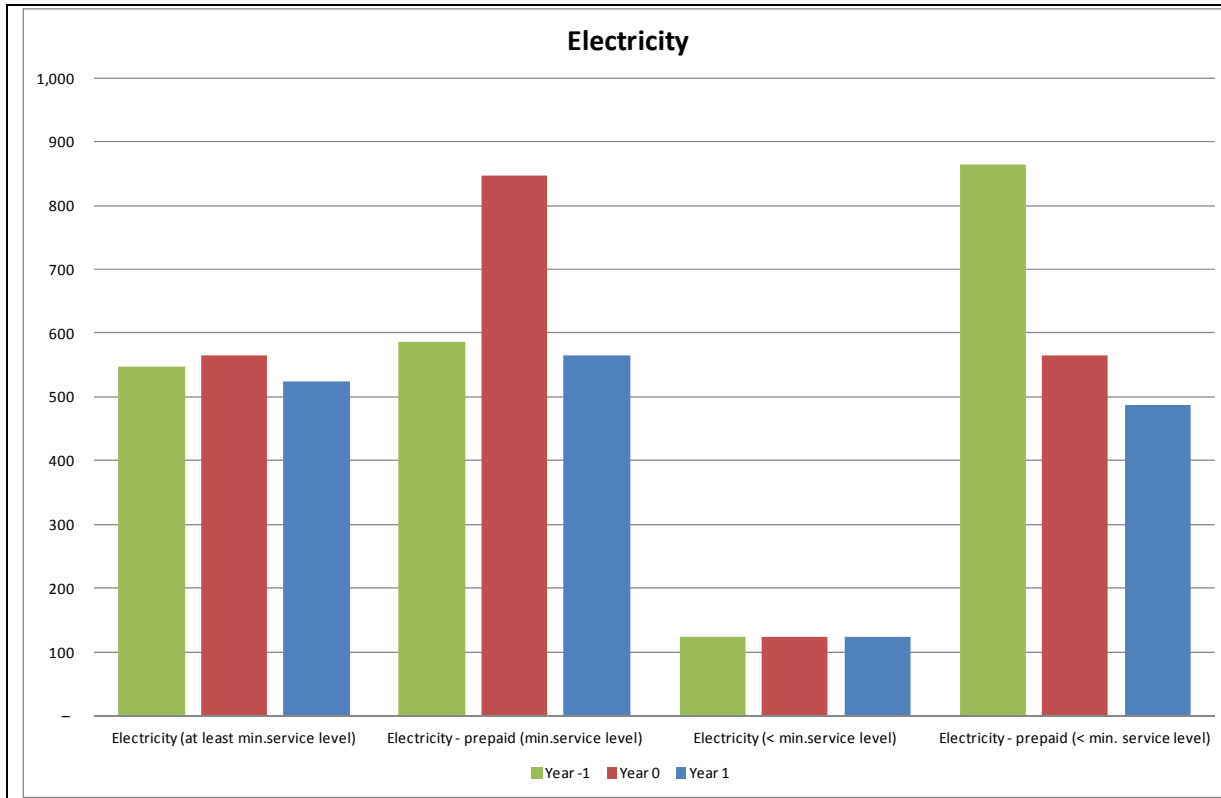
ESKOM provide services in Aggeneys, Pella, Witbank and Onseepkans with the exception of Pofadder. The electricity infrastructure in Pofadder is obsolete and is in process of upgrading. The municipality experience difficulties with regard to electricity distribution. The project the upgrading of the Pofadder sub-station are complete for 1.5 MVA to be delivered by us hence the non-supply to residents in Pofadder. The cost to upgrade the ESKOM side amounting to R700,000 with a security payment of R1,2 million. The municipality does not have the funding to pay for the upgrading. This matter hampers the development in the town and all electricity connections are stopped.

Problems are encountered with the infrastructure networks in Onseepkans and should be addressed by ESKOM.

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

T3.3.1

# Chapter 3



T3.3.2

# Chapter 3

Electricity Service Delivery Levels				
Description	Year -2	Year -1	Year 0	Households Year 1
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<b><u>Energy:</u></b> (above minimum level)				
Electricity (at least min.service level)	43	43	43	43
Electricity - prepaid (min.service level)	1 847	1 857	1 901	2 024
<i>Minimum Service Level and Above sub-total</i>	1 890	1 900	1 944	2 067
<i>Minimum Service Level and Above Percentage</i>	93.9%	92.8%	93.7%	93.8%
<b><u>Energy:</u></b> (below minimum level)				
Electricity (< min.service level)	–	–	–	–
Electricity - prepaid (< min. service level)	123	147	130	137
Other energy sources	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	123	147	130	137
<i>Below Minimum Service Level Percentage</i>	6.1%	7.2%	6.3%	6.2%
<b>Total number of households</b>	2 013	2 047	2 074	2 204
				<b>T3.3.3</b>

# Chapter 3

Financial Performance Year 1: Electricity Services					
R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	4799	6113	5919	5824	-5%
Expenditure:					
Employees	123	610	165	114	-435%
Repairs and Maintenance	202	150	280	246	39%
Other	4738	4593	5023	6583	30%
<b>Total Operational Expenditure</b>	5063	5353	5468	6943	-4
<b>Net Operational Expenditure</b>	264	-760	-451	1119	168%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.3.7

Capital Expenditure Year 1: Electricity Services					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4829	0	1267	-281%	
Upgrading of Sub station	1729	0	932	-86%	1000
EEDSM	3000	0	243	-1135%	3000
Dev. 198 sites	100	0	92	-9%	500
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.3.8

# Chapter 3

## 3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

### INTRODUCTION TO WASTE MANAGEMENT

Refuse removal services are rendered in all towns except Aggeneys. Garbage should be removed once a week. Three of the four landfill sites are not registered. Funds are allocated from the Namakwa District Municipality to rehabilitated the landfill site situated in Pofadder during 2012/2013. All the other landfill sites needs to be rehabilitated. Due to the influx of people into the Pofadder area, more refuse were dumped during the year. It creates problems because the landfill site are already been obsolete. No other landfill site is established.



# Chapter 3

Solid Waste Service Delivery Levels				
Description	Households			
	Year -2	Year -1	Year 0	Year 1
	Actual No.	Actual No.	Actual No.	Actual No.
<b><i>Solid Waste Removal: (Minimum level)</i></b>				
Removed at least once a week	2 010	2 201	2 226	2 394
<i>Minimum Service Level and Above sub-total</i>	2 010	2 201	2 226	2 394
<i>Minimum Service Level and Above percentage</i>	96.3%	96.6%	96.6%	96.8%
<b><i>Solid Waste Removal: (Below minimum level)</i></b>				
Removed less frequently than once a week				
Using communal refuse dump				
Using own refuse dump				
Other rubbish disposal				
No rubbish disposal	78	78	78	78
<i>Below Minimum Service Level sub-total</i>	78	78	78	78
<i>Below Minimum Service Level percentage</i>	3.7%	3.4%	3.4%	3.2%
<b>Total number of households</b>	<b>2 088</b>	<b>2 279</b>	<b>2 304</b>	<b>2 472</b>

# Chapter 3

Financial Performance Year 1: Solid Waste Management Services					
R' 000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	911	840	792	749	-12%
Expenditure:					
Employees	1214	1489	1431	1166	-28%
Repairs and Maintenance	13	15	15	31	52%
Other	2095	1679	1644	1390	-21%
<b>Total Operational Expenditure</b>	3322	3183	3090	2587	-23%
<b>Net Operational Expenditure</b>	2411	2343	2298	1838	-27%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.4.7

Capital Expenditure Year 1: Waste Management Services					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
	0	0	0	#DIV/0!	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.4.9

# Chapter 3

Employees: Waste Disposal and Other Services					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	6	6	6	2	33%
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	6	6	6	2	33%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T3.4.6

# Chapter 3

## INTRODUCTION OF HOUSING

The 384 Housing project is almost complete.

Pofadder 100 - Completed

Pella 100 – Completed

Onseepkans 184 – Completed

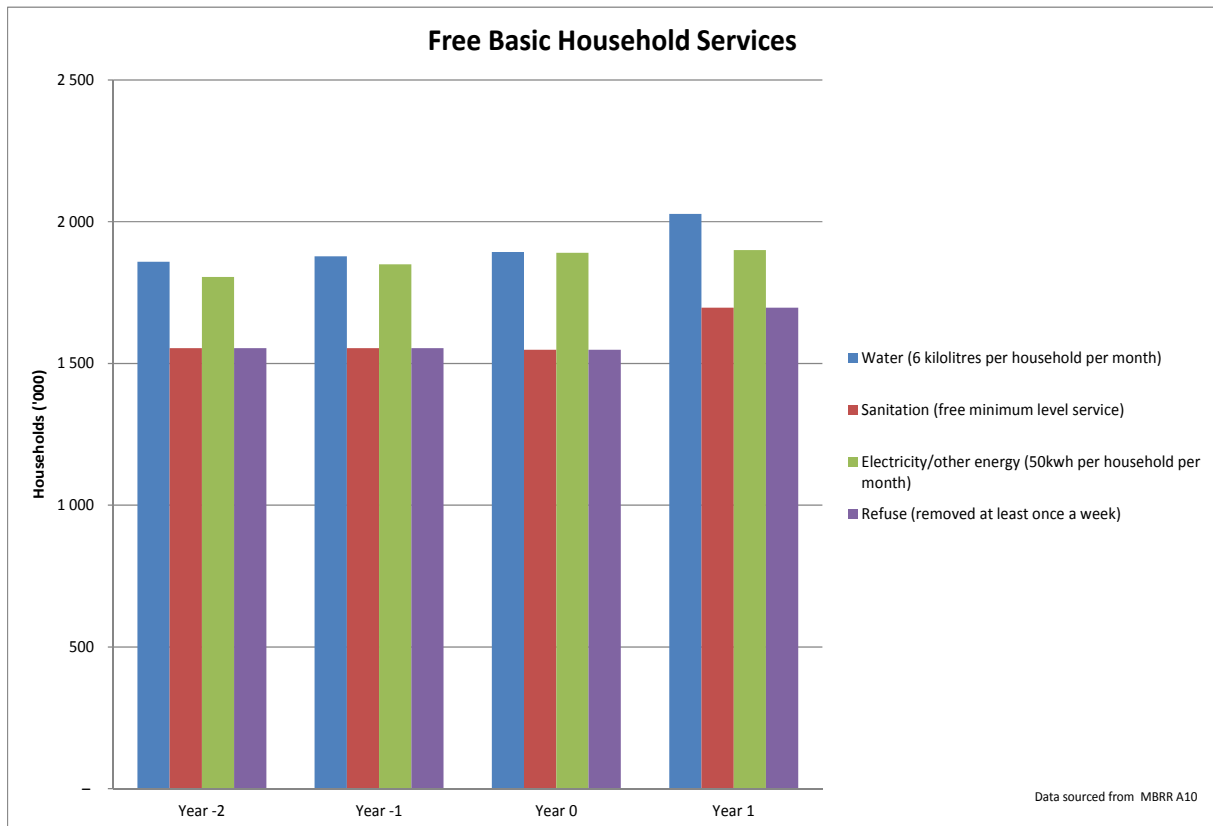
Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -2	0	0	#DIV/0!
Year -1	2160	1274	59.0%
Year 0	2218	1312	59.2%
Year 1	2226	1332	59.8%
T3.5.2			

Financial Performance Year 1: Housing Services					
R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	5611	12779	14664	8680	-47%
<b>Expenditure:</b>					
Employees	0	0	0	0	#DIV/0!
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	5611	12779	14664	8680	-47%
<b>Total Operational Expenditure</b>	5611	12779	14664	8680	-47%
<b>Net Operational Expenditure</b>	0	0	0	0	#DIV/0!
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.5.5

Capital Expenditure Year 1: Housing Services					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	0	0	0	0%	
Project A	0	0	0	0	
Project B	0	0	0	0	
Project C	0	0	0	0	
Project D	0	0	0	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.5.6

# Chapter 3

## 3.6 FREE BASIC SERVICES AND INDIGENT S



SUPPORT

# Chapter 3

Financial Performance Year 1: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year 0	Year 1			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	1864	2786	2516	2440	-14%
Waste Water (Sanitation)	1259	1734	1590	1547	-12%
Electricity	446	480	480	466	-3%
Waste Management (Solid Waste)	1310	1632	1550	1564	-4%
Total	4879	6632	6136	6017	-10%
					T3.6.4

# Chapter 3

## COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Indigence policy 2014/2015 financial year

1. Based on the level of poverty, the number of households that qualify for basic free services and the amount to be appropriated for the purpose of indigence policy is as follows:

a. Households classified as indigent / needy where the total gross income of the residents of a household over the age of 18 years and parent's income is less than or equal than the income that two state pension together earned (monthly pensions and social allowances paid by the Department of Welfare, etc..) qualify for 100% subsidy on basic services viz. Garbage, Sanitation, Water plus 6kl water free and 50 kwh electricity as prescribed nationally.

b. Households who believe that they qualify must register with the local Municipal Office or the nearest office of the Municipal Council area. A list of the connection are available at the office.

c. Free 6 kl of water will be provided to each poor household. If the 6 kl limit is exceeded the difference must be paid by the consumer. If a household continue not to pay the difference in the Council shall have the right to limit the flow of water.

d. Traps will not be installed at public taps.

e. Poor households owning more than one property, only a subsidized property.

MUNICIPAL MANAGER

COUNCIL RESOLUTION 31/05/2014

# Chapter 3

## COMPONENT B: ROAD TRANSPORT

### 3.7 ROADS

#### INTRODUCTION TO ROADS

The municipality appointed a contractor to Upgrade gravel roads in Pella and Onseepkans during the 2013/14 financial year.

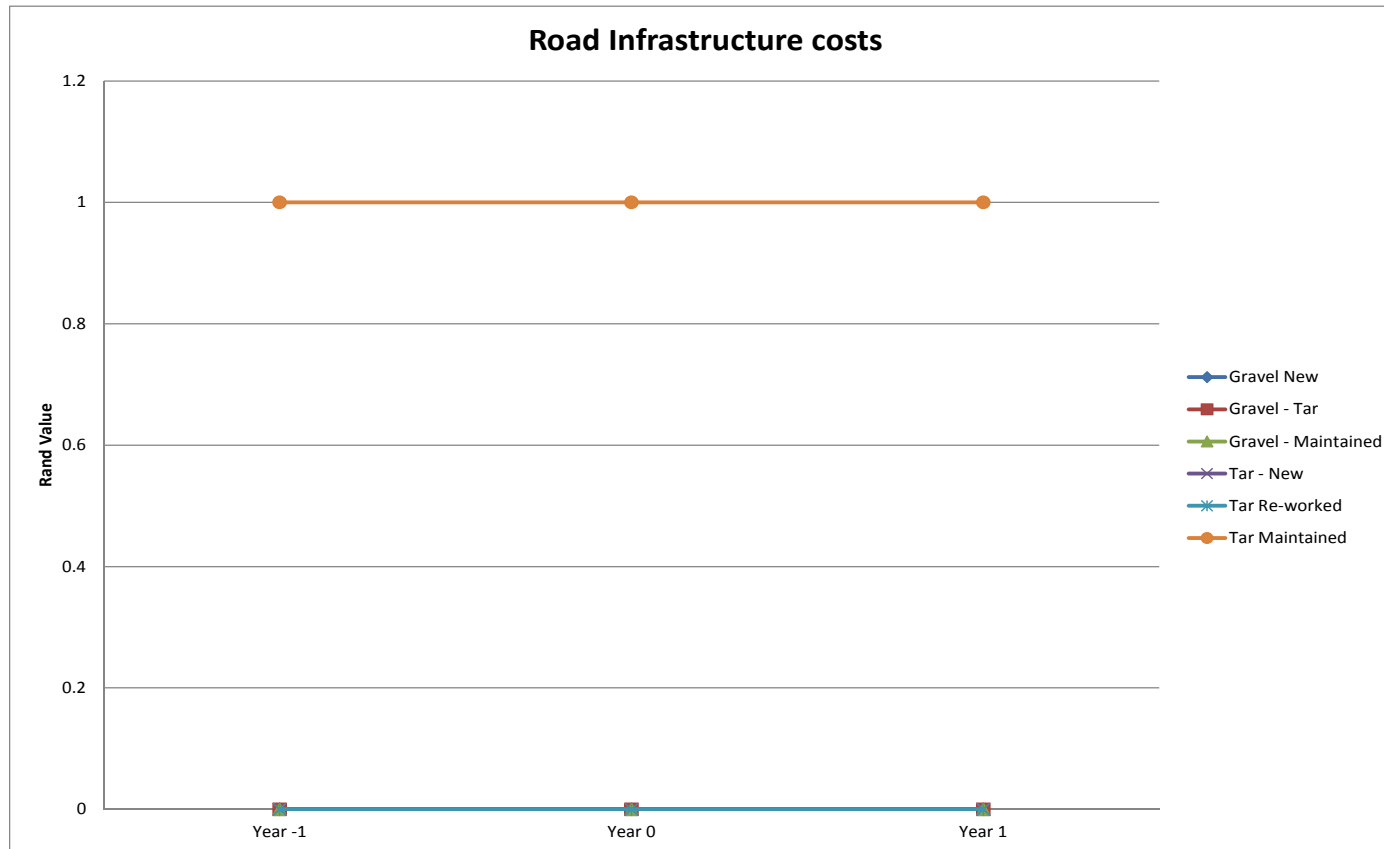
T3.7.1

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometers Gravel roads graded/maintained
Year -1	24 Km	0	0	24 Km
Year 0	24 Km	0	0	24 Km
Year 1	24 Km	0	0	24 Km
				T3.7.2

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Kilometers Tar roads maintained
Year -1	12 Km	0	0	0	12 Km
Year 0	12 Km	0	0	0	12 Km
Year 1	12 Km	0	0	0	12 Km
					T3.7.3



# Chapter 3



# Chapter 3

Employees: Road Services					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	3	0	0%
4 - 6	1	1	1	0	0%
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	4	4	4	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.  
 \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.7.7

Capital Expenditure Year 1: Road Services					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	504	540	482	-5%	
EPWP	1000		162	-517%	1000
Upgrading of Roads	8376	8931	796	-952%	10181
Dev. Of 198 sites	504	540	482	-5%	1089
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.7.9

# Chapter 3

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The roads in the Municipal area are in a very poor state

T3.7.10

# Chapter 3

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

### INTRODUCTION TO PLANNING AND DEVELOPMENT

Municipality is in the process of developing its Local Economic Development (LED) Strategy. As outlined in the LED Framework it is important to highlight the unique economic and geographical characteristics of the Municipality in order to arrive at the final prediction of the economy at local level.

Being located in the centre of the Namakwa District it is further located between the main economic centres of the Northern Cape, i.e. Springbok and Upington. Not only has this location road-transport benefits but it largely present opportunities from trade and retail and further broadens the scope for tourism and renewable development.

According to the mentioned LED Framework considerable attention has to be given to the following activities and the development potential of Municipality:

- Mineral deposits and mining related development in the area – Mining related legislation also presents other economic opportunities through Social and Labour Plans.

Black Mountain: Is a mining Company and is mining Copper and Iron Ore Originated from Britain, which started mining in region in 1994 by a British man: F Dodge

In 1999, F Dodge sells the mining business to Anglo American Plc Group and Anglo Group sell over to Vedanta in 2009.

Current Challenges and Dilemmas for LED in

- The shortage of appropriate labour skills in the area is a central constraint to investment and development
- The economic and cash flow situation of the Municipality is under pressure at present. The necessary steps and precautionary measurements should be identified and implemented. The poor payment culture by some Residents contributes to the problem and was analyzed during this phase.
- The LED Unit has only an operational budget available for travelling and accommodation but has not budget for programmes. Main source of LED project funding is through MIG and EPWP funding.
- The LED officer has been appointed and the forum will be established.
- After establishment of the LED Forum, one of their focuses will be to solve functional challenges such as the non-participation of the private sectors and government.
- Municipality still need to develop an LED Policy to ensure that council takes a principle position on how it commits to LED.
- Skills Development Policy should be developed, looking at the Municipality's response to the big skills challenge they face
- Municipality also need to look at other current LED stimulating policies such as the Property Rates Policy and Land Policy

Public Private Partnerships

According to the MFMA regulations Public Private Partnerships (PPP's) are commercial transactions between a Municipality and a private party in terms of which the private party –

- a) Performs a municipal function for or on behalf of a municipality, or acquired the management or use of municipal property for its own commercial purposes, or performs both a municipal function for or on behalf of a municipality and acquired the management or use of municipal property for its own commercial purposes.
- b) Assumes substantial financial, technical and operational risks in connection with –
  - i) the performance of the municipal function;
  - ii) the management or use of the municipal property; or

# Chapter 3

- iii) both; and
- c) Receives a benefit from performing the municipal function, from utilizing the municipal property or from both, by way of –
  - i) consideration to be paid or given by the municipality or a municipal entity under the sole or shared control of the municipality
  - ii) charges or fees to be collected by the private party from users or customers of a service provided to them; or
  - iii) a combination

Strategically, partnership contracts enhance accountability by clarifying responsibilities and focusing on the key deliverables of a service. Our managerial efficiency can benefit significantly as existing financial, human and management resources can be refocused on strategic functions.

LED Opportunities in :

## Agriculture

- Involve local farmers in LED Forum
- Invite Ornamental Plant Institute of the ARC to provide information and assistance to local farmers
- Make land available for agricultural cooperatives and emerging farmers
- Establish informal trading areas for agricultural produce
- Provide skills training and support programmes. Investigate the role of Agri-SETA

## Mining

- Establish a permanent working group between the Municipality and the mine managers responsible for developing Plans
- Develop a database of available labour and skills to encourage the employment of local people
- Provide skills training and support programmes
- Instigate mining procurement opportunities in consultation with the mines, develop a database of such opportunities and ensure that this information is made available to local businesses and communities
- Develop a small scale Mining Strategy

## Tourism

- The Municipality should develop and implement an aggressive marketing strategy
- Tourism opportunities should be packed and marketed accordingly
- New Tourism Opportunities should be explored and communicated through the LED forum

## Community Participation

Community involvement in the planning process is a priority for the Municipality. The Constitution of Republic of South African (Act No. 108 of 1986) brought about a new expanded role for municipalities. According to the Department of Constitutional Development (1998:3), “municipalities must now lead, manage and plan for development, their task together with national and provincial government is to eradicate poverty, boost local economic development, job creation, and carry forward the process of reconstruction and development”. Consequently, local communities are to be involved in decision-making processes of local government. Hence community participation in local government is important. When proper community participation does not occur, and IDP is not properly implemented, development of the local economy may be negatively affected.

T3.10.0

# Chapter 3

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -1	0	0
Year 0	0	0
Year 1	0	532
* - Extended Public Works Programme		T3.11.6

Employees: Local Economic Development Services					
Job Level	Year 0	Year 1			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3					#DIV/0!
4 - 6					#DIV/0!
7 - 9					#DIV/0!
10 - 12					#DIV/0!
13 - 15					#DIV/0!
16 - 18					#DIV/0!
19 - 20					#DIV/0!
Total					#DIV/0!
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
					T3.11.8

Financial Performance Year 1: Local Economic Development Services					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	559	100	0	#DIV/0!
Expenditure:					
Employees	268	966	1122	1142	15%
Repairs and Maintenance					#DIV/0!
Other	126	343	265	108	-218%
<b>Total Operational Expenditure</b>	394	1309	1387	1250	-5%
<b>Net Operational Expenditure</b>	394	750	1287	1250	40%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.11.9

# Chapter 3

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

T3.52.0

#### 3.52 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC.)

##### INTRODUCTION TO LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

In each town, which consist out of Pofadder, Aggeneys, Pella, Onseepkans, is a library except Witbank, of which the project is still in process.

The Department of Sport, Arts and Culture give funding for the development and transformation of libraries.

The available funds are to be made available for the following purposes:

Improving staff capacity (Library Transformation Programme) at the community libraries in the municipalities;

Funding for Library Current Awareness;

Funding for Library Usage and Promotion;

Funding for Library Development.

The transfer of funds for the Library Development program is dependent on the approval of a submitted business plan, in line with the Funding criteria and on the formats as prescribed.

T3.52.1

# Chapter 3

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	8	8	0	0%
4 - 6					
7 - 9					
10 - 12					
13 - 15	1	1	1	0	0%
16 - 18					
19 - 20					
Total	9	9	9	0	0%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p style="text-align: right;"><i>T3.52.4</i></p>					



# Chapter 3

Financial Performance Year 1: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	389	490	750	386	-27%
Expenditure:					
Employees	625	767	784	707	-8%
Repairs and Maintenance	0	535	383	401	-33%
Other	358	2330	2343	1975	-18%
<b>Total Operational Expenditure</b>	983	3632	3510	3083	-18%
<b>Net Operational Expenditure</b>	594	3142	2760	2697	-16%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference</i>					T3.52.5
Capital Expenditure Year 1: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	1745	2030	3348	48%	
Building of Library Witbank	71	116	201	65%	333
R.K. Sending Community Hall	831	957	1623	49%	2646
Melkbosrand Community Hall	843	957	1524	45%	2562
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.52.6

# Chapter 3

## 3.55 CEMETORIES AND CREMATORIUMS

### INTRODUCTION TO CEMETORIES & CREMATORIUMS

The Municipality own no crematoriums.

T3.55.1

# Chapter 3

Employees: Cemeteries and Crematoriums					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	1	1	1	0	0%
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	1	1	1	0	0
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</p> <p>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p> <p style="text-align: right;">T3.55.4</p>					

# Chapter 3

Financial Performance Year 1: Cemeteries and Crematoriums					
R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	#DIV/0!
Expenditure:					
Employees					#DIV/0!
Repairs and Maintenance					#DIV/0!
Other					#DIV/0!
<b>Total Operational Expenditure</b>	0	0	0	0	#DIV/0!
<b>Net Operational Expenditure</b>	0	0	0	0	#DIV/0!
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.55.5

# Chapter 3

Capital Expenditure Year 1: Cemeteries and Crematoriums					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.55.6

## COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIUMS OVERALL:

Only the cemetery in Pofadder is the property of council. All the other cemeteries is the property of Local Churches

# Chapter 3

## COMPONENT E: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

### INTRODUCTION TO SPORT AND RECREATION

The Municipality own one (1) community park, Dr. O.T. van Schalkwyk Park which is a historical site and tourism attraction. One (1) sportsfield, the Dennis Nel Stadium is the property of the Council and one (1) is owned by Boesmanland High School. The social and labour plan of Black Mountain Mine funded the project in building a swimming pool for the municipality. No campsites is the property of council.

T3.68.0

# Chapter 3

## 3.68 SPORT AND RECREATION

# Chapter 3

Employees: Sport and Recreation					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	1	1	1	0	0%
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	1	1	1	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.68.3

Financial Performance : Sport and Recreation					
					R'000
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	4	5	5	3	-67%
Expenditure:					
Employees	33	147	80	66	-123%
Repairs and Maintenance	22	21	21	12	-75%
Other	274	318	323	4169	92%
<b>Total Operational Expenditure</b>	329	486	424	4247	89%
<b>Net Operational Expenditure</b>	325	481	419	4244	89%

Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T3.68.4



# Chapter 3

Capital Expenditure Year 1: Sport and Recreation					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A					
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.68.5

# Chapter 3

## COMPONENT F: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

### 3.69 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

T3.69.1

#### SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

T3.

# Chapter 3

R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	313	0	2	-15550%
Expenditure:					
Employees	2791	4009	3335	2737	-46%
Repairs and Maintenance	144	100	50	79	-27%
Other	411	558	520	476	-17%
<b>Total Operational Expenditure</b>	3346	4667	3905	3292	-42%
<b>Net Operational Expenditure</b>	3346	4354	3905	3290	-32%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.69.5

# Chapter 3

Capital Expenditure : The Executive and Council					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	125	250	216	42%	
Project A	125	150	146	14%	150
Project B		100	70	100%	100
Project C	0	0	0	#DIV/0!	0
Project D	0	0	0	#DIV/0!	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.69.6

# Chapter 3

## .70 FINANCIAL SERVICES

### Financial Sustainability

Management is responsible for the sound and sustainable management of the affairs of the municipality and to implement an efficient, effective and transparent financial management system for the purpose, as regulated by the MFMA.

# Chapter 3

Financial Service Policy Objectives Taken From IDP									
Service Objectives  <div>Service Indicators</div> <div>(i)</div>	Outline Service Targets  (ii)	Year 0		Year 1			Year 2	Year 4	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Increase in speed of payment of tariffs, tax demands, invoices	No more than x% of creditors raised (in Rand value) during the year outstanding (o/s) at year end	No more than 37 % of current yr creditors o/s at yr end	No more than a 37% of current yr creditors o/s at yr end	No more than 30% of current yr creditors o/s at yr end	No more than 30% of current yr creditors o/s at yr end	No more than 15% of current yr creditors o/s at yr end	No more than 10% of current yr creditors o/s at yr end	No more than 10% of current yr creditors o/s at yr end	No more than 10% of current yr creditors o/s at yr end
Reducing the number of invoices raised by increasing advance payment for services rendered (A project requiring partipation by all departments but let by the central finance department)	x% reduction in number of invoices raised over the previous year's target	35 % reduction in invoices raised; target limit of invoices	30% reduction in invoices raised; target limit of invoices	30% reduction in invoices raised; target limit of invoices	25% reduction in invoices raised; target limit of invoices	75% increase in invoices raised; target limit of invoices	25% reduction in invoices raised; target limit of invoices	25% reduction in invoices raised; target limit of invoices	25% reduction in invoices raised; target limit of invoices
Improving speed of legal measures to recover revenues	Commence legal proceedings for recovery of revenues within 4 weeks of the due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (iii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year 0 Budget/IDP round; *'Current Year' refers to the targets set in the Year 1 Budget/IDP round. *'Following Year' refers to the targets set in the Year 2 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									

T3.70.3

# Chapter 3

Employees: Financial Services					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	3	3	3	0	
7 - 9					
10 - 12	4	4	4	0	100%
13 - 15					
16 - 18					
19 - 20	1	1	1	1	100%
<b>Total</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>100%</b>
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
					T3.70.4

Financial Performance : Financial Services					
					R'000
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	5228	5886	5579	7305	19%
Expenditure:					
Employees	3258	5383	5570	5721	6%
Repairs and Maintenance	541	521	201	156	-234%
Other	5100	3365	3318	9240	64%
<b>Total Operational Expenditure</b>	<b>8899</b>	<b>9269</b>	<b>9089</b>	<b>15117</b>	<b>39%</b>
<b>Net Operational Expenditure</b>	<b>3671</b>	<b>3383</b>	<b>3510</b>	<b>7812</b>	<b>57%</b>
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.70.5

Capital Expenditure Year 1: Property; Legal; Risk Management; and Procurement Services					
					R' 000
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	
Project A					
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.73.6





# Chapter 4

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

### (PERFORMANCE REPORT PART II)

#### INTRODUCTION

The Performance Management System is not in place. The municipality appointed an official in May 2013 and is in process of appointing a service provider to assist the implementation of the system.

T4.0.1

#### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year 0	Approved Posts	Year 1		
	Employees No.		Employees No.	Vacancies No.	Vacancies %
Water	6	7	6	1	14%
Waste Water (Sanitation)	6	7	6	1	14%
Electricity	1	1	1	0	0%
Waste Management	6	8	6	2	25%
Housing	0	0	0	0	0%
Waste Water (Stormwater Drainage)	0	0	0	0	0%
Roads	4	4	4	0	0%
Transport	0	0	0	0	0%
Planning	0	0	0	0	0%
Local Economic Development	1	1	1	0	0%
Planning (Strategic & Regulatory)	0	0	0	0	0%
Local Economic Development	0	0	0	0	0%
Community & Social Services	3	9	7	2	22%
Environmental Protection	0	0	0	0	0%
Health	0	0	0	0	0%
Security and Safety	0	0	0	0	0%
Sport and Recreation	1	1	1	0	0%
Corporate Policy Offices and Other	17	19	19	0	0%
<b>Totals</b>	<b>45</b>	<b>57</b>	<b>51</b>	<b>6</b>	<b>11%</b>
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June.					T4.1.1

# Chapter 4

Vacancy Rate: Year 1			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	3	300.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	0	0	0.00
Other S57 Managers (Finance posts)	0	0	0.00
Police officers	0	0	0.00
Fire fighters	0	0	0.00
Senior management: Levels 13-15 (excluding Finance Posts)	0	0	0.00
Senior management: Levels 13-15 (Finance posts)	0	0	0.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	1	0	0.00
Highly skilled supervision: levels 9-12 (Finance posts)	3	0	0.00
<b>Total</b>	<b>6</b>	<b>3</b>	<b>50.00</b>
<p><i>Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>			

T4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2009/2010	2	5	250.00%
2010/2011	2	0	
2011/2012	4	1	25.00%
<p><i>* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year</i></p>			

T4.1.3

# Chapter 4

## COMMENT ON VACANCIES AND TURNOVER:

The Municipal Managers post is vacant since 2009. The vacancy was advertised several times. No appointment was made by council. The Chief Financial Officer was appointed in 2005.

T4.1.4

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

T4.2.0

# Chapter 4

## 4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	0.00%	0.00%	Failure to adopt
2	Attraction and Retention	0.00%	0.00%	Failure to adopt
3	Code of Conduct for employees	100.00%	100.00%	National adopted
4	Delegations, Authorisation & Responsibility	0.00%	0.00%	Failure to adopt
5	Disciplinary Code and Procedures	100.00%	100.00%	National adopted
6	Essential Services	0.00%	0.00%	Failure to adopt
7	Employee Assistance / Wellness	0.00%	0.00%	Failure to adopt
8	Employment Equity	100.00%	0.00%	Failure to adopt
9	Exit Management	0.00%	0.00%	Failure to adopt
10	Grievance Procedures	100.00%	100.00%	National adopted
11	HIV/Aids	100.00%	0.00%	National adopted
12	Human Resource and Development	0.00%	0.00%	Failure to adopt
13	Information Technology	0.00%	0.00%	Failure to adopt
14	Job Evaluation	0.00%	0.00%	Failure to adopt
15	Leave	100.00%	100.00%	National adopted
16	Occupational Health and Safety	100.00%	0.00%	National adopted
17	Official Housing	0.00%	0.00%	Failure to adopt
18	Official Journeys	0.00%	0.00%	Failure to adopt
19	Official transport to attend Funerals	0.00%	0.00%	Failure to adopt
20	Official Working Hours and Overtime	100.00%	100.00%	National adopted
21	Organisational Rights	0.00%	0.00%	Failure to adopt
22	Payroll Deductions	0.00%	0.00%	Failure to adopt
23	Performance Management and Development	0.00%	0.00%	Failure to adopt
24	Recruitment, Selection and Appointments	100.00%	0.00%	National adopted
25	Remuneration Scales and Allowances	100.00%	0.00%	National adopted
26	Resettlement	0.00%	0.00%	Failure to adopt
27	Sexual Harassment	100.00%	0.00%	National adopted
28	Skills Development	0.00%	0.00%	Failure to adopt
29	Smoking	100.00%	0.00%	National adopted
30	Special Skills	0.00%	0.00%	Failure to adopt
31	Work Organisation	0.00%	0.00%	Failure to adopt
32	Uniforms and Protective Clothing	100.00%	0.00%	National adopted
33	Other:			
Use name of local policies if different from above and at any other HR policies not listed.				T4.2.1

# Chapter 4

### 4.3 INJURIES, SICKNESS AND SUSPENSION

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken  Days	Employees using injury leave  No.	Proportion employees using sick leave  %	Average Injury Leave per employee  Days	Total Estimated Cost  R'000
Required basic medical attention only	0	0	10.00%	0	0
Temporary total disablement					
Permanent disablement					
Fatal					
<b>Total</b>	0	0	10.00%	0	0

T4.3.1

[illegible]



# Chapter 4

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

4.5.0

# Chapter 4

## 4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 1	Number of skilled employees required and actual as at 30 June Year 1											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target
MM and s57	Female													
	Male	1	1	1									1	
Councillors, senior officials and managers	Female	3	3	3									3	
	Male	6	7	7									7	7
Technicians and associate professionals*	Female	0	1	1									1	1
	Male	2	2	2									2	
Professionals	Female	2	2	2									2	1
	Male	1	1	1									1	1
Sub total	Female	6	6	6									6	
	Male	11	11	11									11	8
Total		32	34	34									34	18

\*Registered with professional Associate Body e.g CA (SA)

T4.5.1



# Chapter 4

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS: T4.5.4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
Accounting officer	1	0	1	0	0	0
Chief financial officer	1	0	1	0	0	0
Senior managers	1	0	1	0	0	0
Any other financial officials	0	0	1	0	0	0
<b>Supply Chain Management Officials</b>						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	1	1	1
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T4.5.2

# Chapter 4

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female								0	0
	Male	1							0	0
Legislators, senior officials and managers	Female								0	0
	Male	2	20	20					20	20
Professionals	Female	2	20	20					20	20
	Male	1							0	0
Technicians and associate professionals	Female								0	0
	Male	2	20	20					20	20
Clerks	Female	6	20	20					20	20
	Male	1							0	0
Service and sales workers	Female								0	0
	Male	1	10	10					10	10
Plant and machine operators and	Female								0	0
	Male	9	10	10					10	10
Elementary occupations	Female	2							0	0
	Male	14							0	0
Sub total	Female	10	40	40					40	40
	Male	31	60	60					60	60
Total		41	100	100	0	0	0	0	100	100
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									1.14%	100000

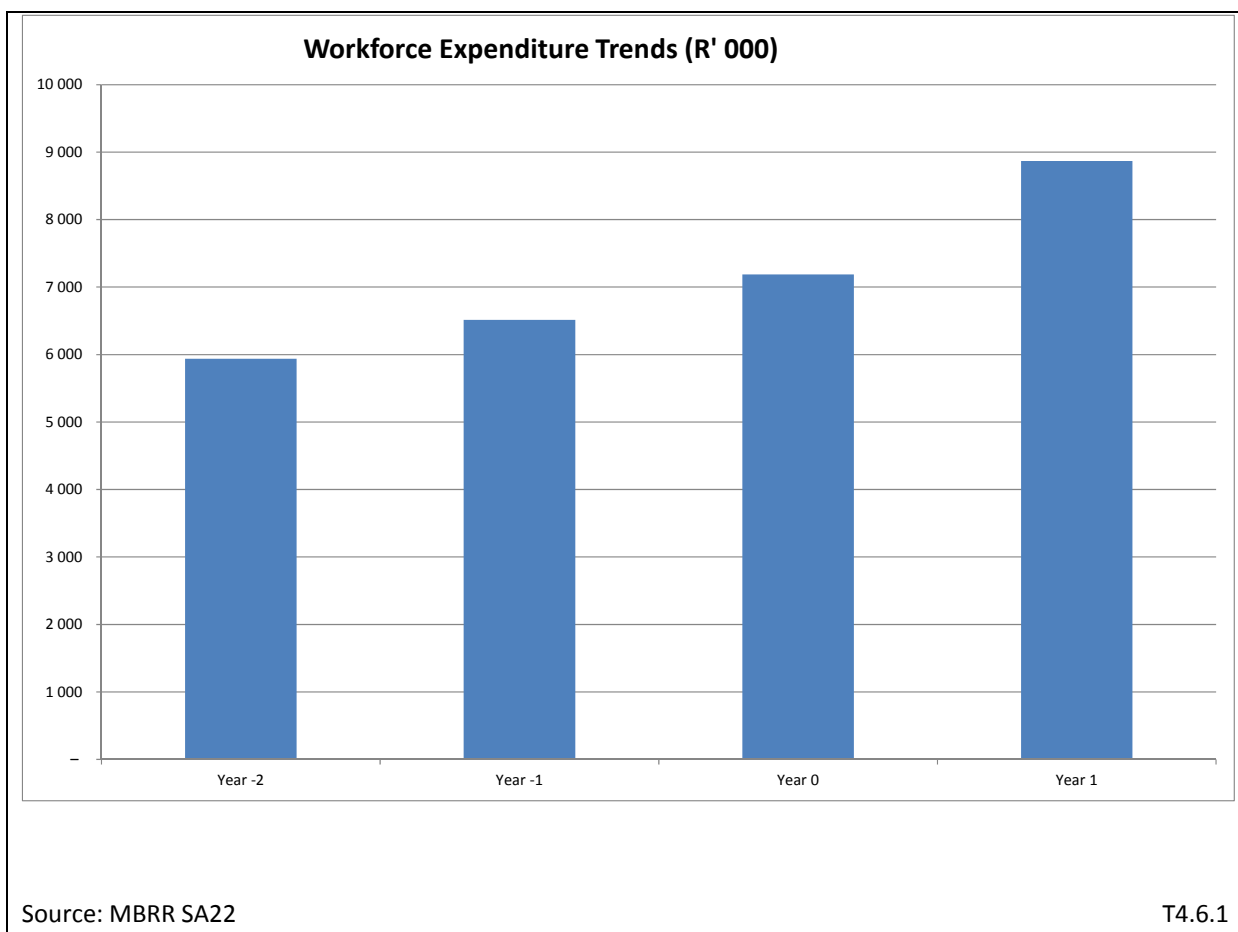
# Chapter 4

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

T4.6.0

#### 4.6 EMPLOYEE EXPENDITURE



# Chapter 4

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	
	Male	
Skilled (Levels 3-5)	Female	1
	Male	3
Highly skilled production (Levels 6-8)	Female	1
	Male	1
Highly skilled supervision (Levels 9-12)	Female	
	Male	
Senior management (Levels 13-16)	Female	
	Male	
MM and S 57	Female	
	Male	
Total		6
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of		T4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Debtors Clerk	1	6	13789.76	more than 24 years of service
Senior Registry Clerk	1	6	8419.8	was transfer from cleaner to registry clerk
Senior Registry Clerk	1	6	8419.8	was transfer from finance department to corporate service departement
Financial Clerk	1	6	8419.8	appointed on salary of cashier previous
Cashier	1	6	8419.8	appointed on salary of cashier previous
				T4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
Corporate services department	6	6/1/2012	1	Need in registry
Finance Department	11	9/1/2011	1	Procurement Officer - supply chain
Corporate services department	11	4/1/2013	1	Head over registry, cleaning service and library
LED	11	4/1/2013	1	Need in LED
LED	11	4/1/2013	1	Do the projects
LED	6	4/1/2013	1	Do the projects
Finance Department	12	2/1/2013	1	Do the projects
				T4.6.4

# Chapter 4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

**Delete Directive note once comment is complete** – Comment on T4.6.2 as appropriate and give further explanations as necessary with respect to T4.6.3 and T4.6.4.

T4.6.5

## DISCLOSURES OF FINANCIAL INTERESTS

Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in **Appendix J**. Make other comments as appropriate.

T4.6.6

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

**Delete Directive note once comment is complete** - Please explain how your municipality sought to contain

T5.0.1

# Chapter 7(new)

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
Description	Year 0	Current Year: Year 1			Year 1 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates	2 044	2 698	2 443	2 433	90.19%	99.60%
Service charges	9 189	11 469	12 552	11 224	97.86%	89.42%
Investment revenue	351	200	1 003	299	149.56%	29.82%
Transfers recognised - operational	20 651	28 984	28 995	20 762	71.63%	71.60%
Other own revenue	1 739	2 145	1 750		0.00%	0.00%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>33 974</b>	<b>45 496</b>	<b>46 743</b>	<b>34 718</b>	<b>76.31%</b>	<b>74.27%</b>
Employee costs	8 492	11 550	12 528	10 081	87.28%	80.47%
Remuneration of councillors	1 587	1 774	1 789	1 736	97.87%	97.05%
Depreciation & asset impairment	2 094	2 300	2 447	4 520	196.52%	184.71%
Finance charges	658	221	221	501	226.88%	226.88%
Materials and bulk purchases	4 951	6 841	6 992	6 050	88.44%	86.53%
Transfers and grants	-	-	-	-	# DIV/0!	# DIV/0!
Other expenditure	21 554	23 058	23 416	14 460	62.71%	61.75%
<b>Total Expenditure</b>	<b>39 336</b>	<b>45 744</b>	<b>47 393</b>	<b>37 349</b>	<b>81.65%</b>	<b>78.81%</b>
<b>Surplus/(Deficit)</b>	<b>(5 362)</b>	<b>(248)</b>	<b>(650)</b>	<b>(2 631)</b>	<b>1060.99%</b>	<b>404.81%</b>
Transfers recognised - capital	3 147	10 093	11 873	3 176	31.47%	26.75%
Contributions recognised - capital & contributed assets					# DIV/0!	# DIV/0!
<b>contributions</b>	<b>(2 215)</b>	<b>9 845</b>	<b>11 223</b>	<b>545</b>	<b>5.54%</b>	<b>4.86%</b>
Share of surplus/ (deficit) of associate					# DIV/0!	# DIV/0!
<b>Surplus/(Deficit) for the year</b>	<b>(2 215)</b>	<b>9 845</b>	<b>11 223</b>	<b>545</b>	<b>5.54%</b>	<b>4.86%</b>
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>3 339</b>	<b>20 226</b>	<b>11 913</b>	<b>4 545</b>	<b>22.47%</b>	<b>38.15%</b>
Transfers recognised - capital	3 147	10 133	10 673	3 176	31.35%	29.76%
Public contributions & donations	-	10 093	1 200	1 368	13.56%	114.04%
Borrowing					# DIV/0!	# DIV/0!
Internally generated funds	192		40		# DIV/0!	0.00%
<b>Total sources of capital funds</b>	<b>3 339</b>	<b>20 226</b>	<b>11 913</b>	<b>4 545</b>	<b>22.47%</b>	<b>38.15%</b>
<b>Financial position</b>						
Total current assets	16 099	8 993	8 738	13 704	152.38%	156.83%
Total non current assets	64 490	79 643	81 276	66 654	83.69%	82.01%
Total current liabilities	18 495	6 573	6 573	17 837	271.37%	271.37%
Total non current liabilities	7 582	6 897	6 897	7 468	108.28%	108.28%
Community wealth/Equity	54 511	75 165	76 543	55 053	73.24%	71.92%

# Chapter 7(new)

<b>Cash flows</b>						
Net cash from (used) operating	7 313	13 325	13 796	1 653	12.40%	11.98%
Net cash from (used) investing	(2 866)	(10 133)	(11 913)	(4 591)	45.31%	38.54%
Net cash from (used) financing	(402)	6	6	(11)	-175.80%	-175.80%
<b>Cash/cash equivalents at the year end</b>	<b>9 353</b>	<b>4 753</b>	<b>3 445</b>	<b>6 404</b>	<b>134.74%</b>	<b>185.90%</b>
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	9 353	4 753	3 444	9 353	196.79%	271.58%
Application of cash and investments	13 881	3 740	6 316	6 404	171.24%	101.40%
<b>Balance - surplus (shortfall)</b>	<b>(4 528)</b>	<b>1 013</b>	<b>(2 872)</b>	<b>2 949</b>	<b>291.11%</b>	<b>-102.68%</b>
<b>Asset management</b>						
Asset register summary (WDV)	64 490	79 643	81 276	66 654	83.69%	82.01%
Depreciation & asset impairment	2 094	2 300	2 447	2 161	93.97%	88.33%
Renewal of Existing Assets	-	-	-	-	#DIV/0!	#DIV/0!
Repairs and Maintenance	1 063	1 570	1 601	1 311	83.53%	81.91%
<b>Free services</b>						
Cost of Free Basic Services provided	4 365	5 404	5 404	4 880	90.30%	90.30%
Revenue cost of free services provided	5 404	6 443	6 443	5 913	91.77%	91.77%
<b>Households below minimum service level</b>						
Water:	-	-	-	-	%	%
Sanitation/sewerage:	-	-	-	-	%	%
Energy:	-	-	-	-	%	%
Refuse:	-	-	-	-	%	%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A 1</i>						<b>T5.1.1</b>

# Chapter 7(new)

Financial Performance of Operational Services						
R '000						
Description	Year 0	Year 1			Year 1 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	7 348	6 216	6 473	8 790	29.28%	26.36%
Waste Water (Sanitation)	1 945	2 466	2 803	2 745	10.16%	-2.11%
Electricity	4 515	5	4 836	5 063	99.91%	4.48%
Waste Management	3 435	3 364	3 853	3 322	-1.26%	-15.98%
Housing	-	-	-	-	#DIV/0!	#DIV/0!
Component A: sub-total	17 243	12 051	17 965	19 920	39.51%	9.81%
Waste Water (Stormwater Drainage)					#DIV/0!	#DIV/0!
Roads	759	904	1 058	847	-6.73%	-24.91%
Transport	-	-	-	-	#DIV/0!	#DIV/0!
Component B: sub-total	759	904	1 058	847	-6.73%	-24.91%
Planning					#DIV/0!	#DIV/0!
Local Economic Development	307	725	508	394	-84.01%	-28.93%
Component B: sub-total	307	725	508	394	-84.01%	-28.93%
Planning (Strategic & Regulatory)	-	-	-	-	#DIV/0!	#DIV/0!
Local Economic Development	531	558	820	716	22.07%	-14.53%
Component C: sub-total	531	558	820	716	22.07%	-14.53%
Community & Social Services	2 508	2 102	2 457	2 508	16.19%	2.03%
Environmental Protection	-	-	-	-	#DIV/0!	#DIV/0!
Health	-	-	-	-	#DIV/0!	#DIV/0!
Security and Safety	-	-	-	-	#DIV/0!	#DIV/0!
Sport and Recreation	321	403	408	329	-22.49%	-24.01%
Corporate Policy Offices and Other	11 709	13 176	13 159	12 245	-7.60%	-7.46%
Component D: sub-total	14 538	15 681	16 024	15 082	-3.97%	-6.25%
<b>Total Expenditure</b>	<b>33 378</b>	<b>29 919</b>	<b>36 375</b>	<b>36 959</b>	<b>19.05%</b>	<b>1.58%</b>
In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T5.1.2

COMMENT ON FINANCIAL PERFORMANCE:

T5.1.3



# Chapter 7(new)

## 5.2 GRANTS

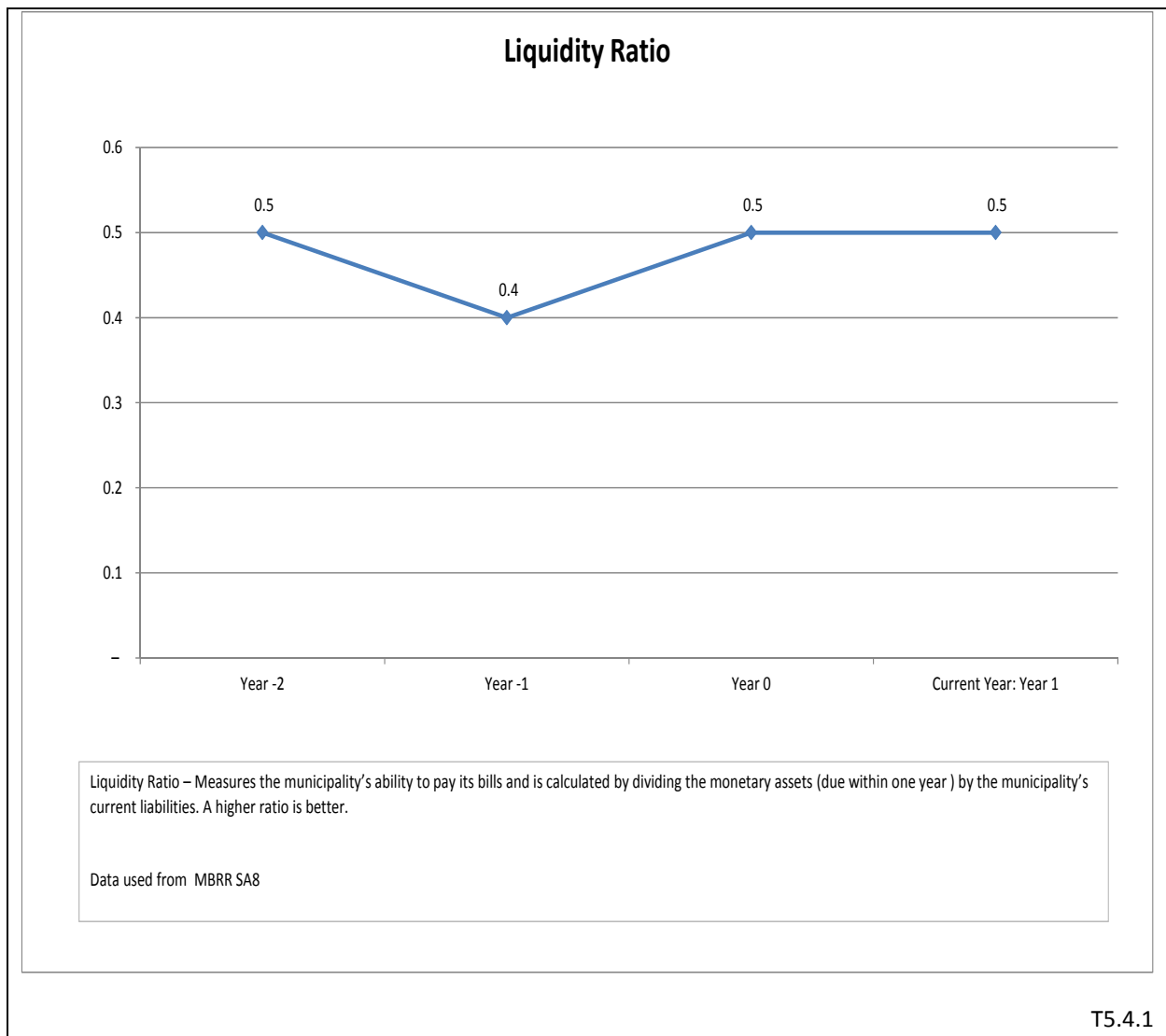
Grant Performance						
R' 000						
Description	Year 0	Year 1			Year 1 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	14 692	16 188	16 188	15 052		
Equitable share	12 489	13 134	13 134	13 134	100.00%	100.00%
Municipal Systems Improvement	745	765	765	268	35.08%	35.08%
Department of Water Affairs	-			-	#DIV/0!	#DIV/0!
Levy replacement	-			-	#DIV/0!	#DIV/0!
Other transfers/grants [insert description]		639	639	-	0.00%	0.00%
Finance Mnagement grant	1 457	1 650	1 650	1 650	100.00%	100.00%
<b>Provincial Government:</b>	5 490	12 830	14 714	8 680		
Health subsidy	-			-	#DIV/0!	#DIV/0!
Housing	5 490	12 780	14 664	8 680	67.92%	59.19%
Ambulance subsidy	-			-	#DIV/0!	#DIV/0!
Sports and Recreation	-	50	50	-	0.00%	0.00%
Other transfers/grants [insert description]					#DIV/0!	#DIV/0!
<b>District Municipality:</b>	357	-	-	-		
<i>Namakwa District</i>	357				#VALUE!	#VALUE!
					#DIV/0!	#DIV/0!
<b>Other grant providers:</b>	387	484	368	307		
<i>Library Development Fund</i>	313	484	368	307	63.47%	83.48%
<i>Vedanta</i>	74				#VALUE!	#VALUE!
<b>Total Operating Transfers and Grants</b>	20 927	29 502	31 270	24 039		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T5.2.1

# Chapter 7(new)

## 5.3 ASSET MANAGEMENT

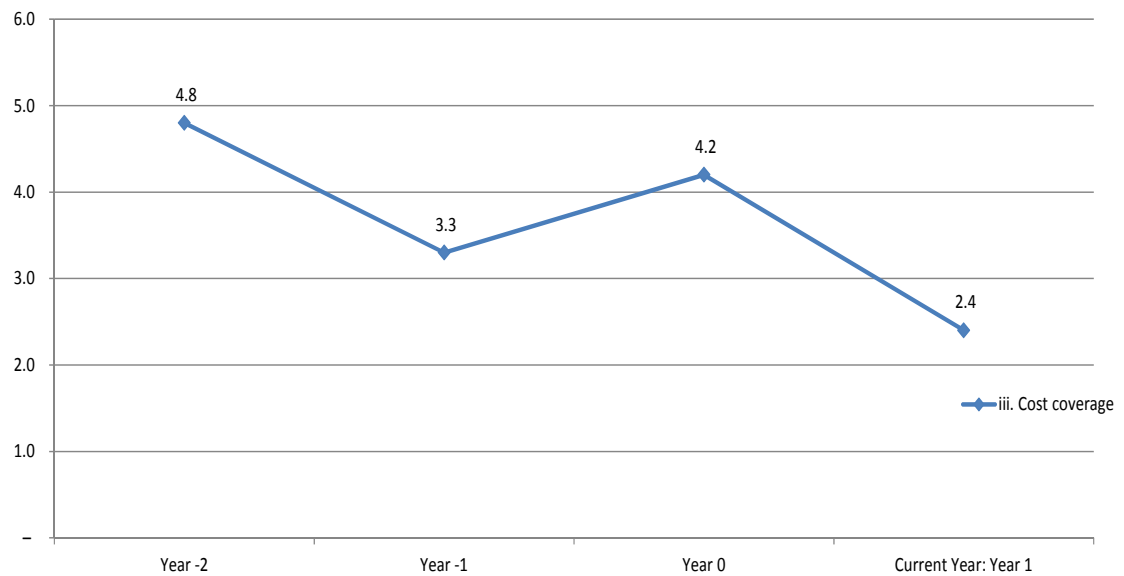
Repair and Maintenance Expenditure: Year 1				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	1706	2028	948	44.43%
				T5.3.4

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



# Chapter 7(new)

## Cost Coverage



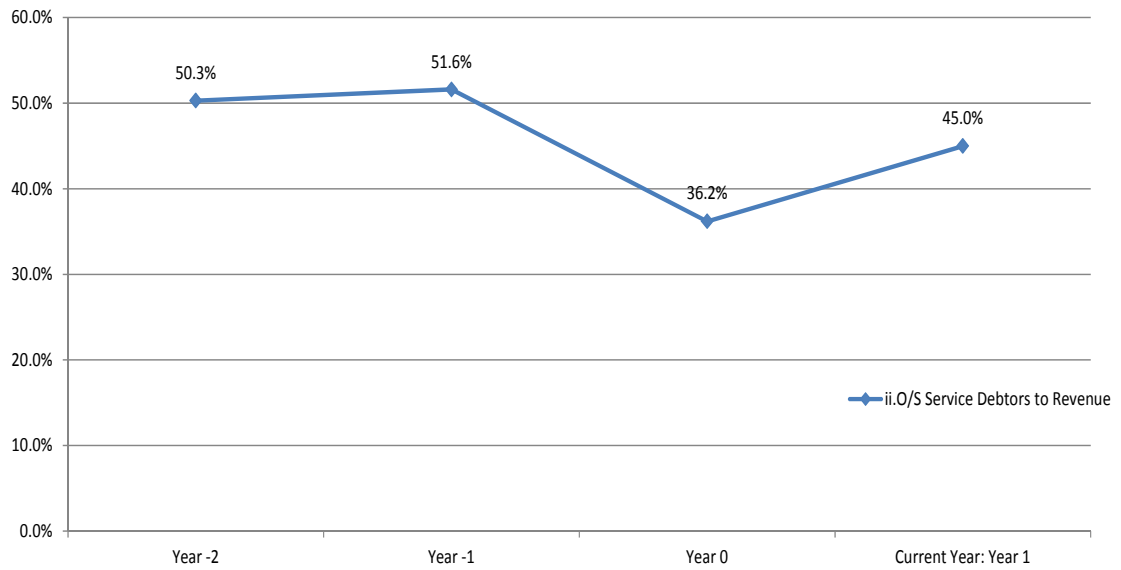
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T5.4.2

# Chapter 7(new)

## Total Outstanding Service Debtors

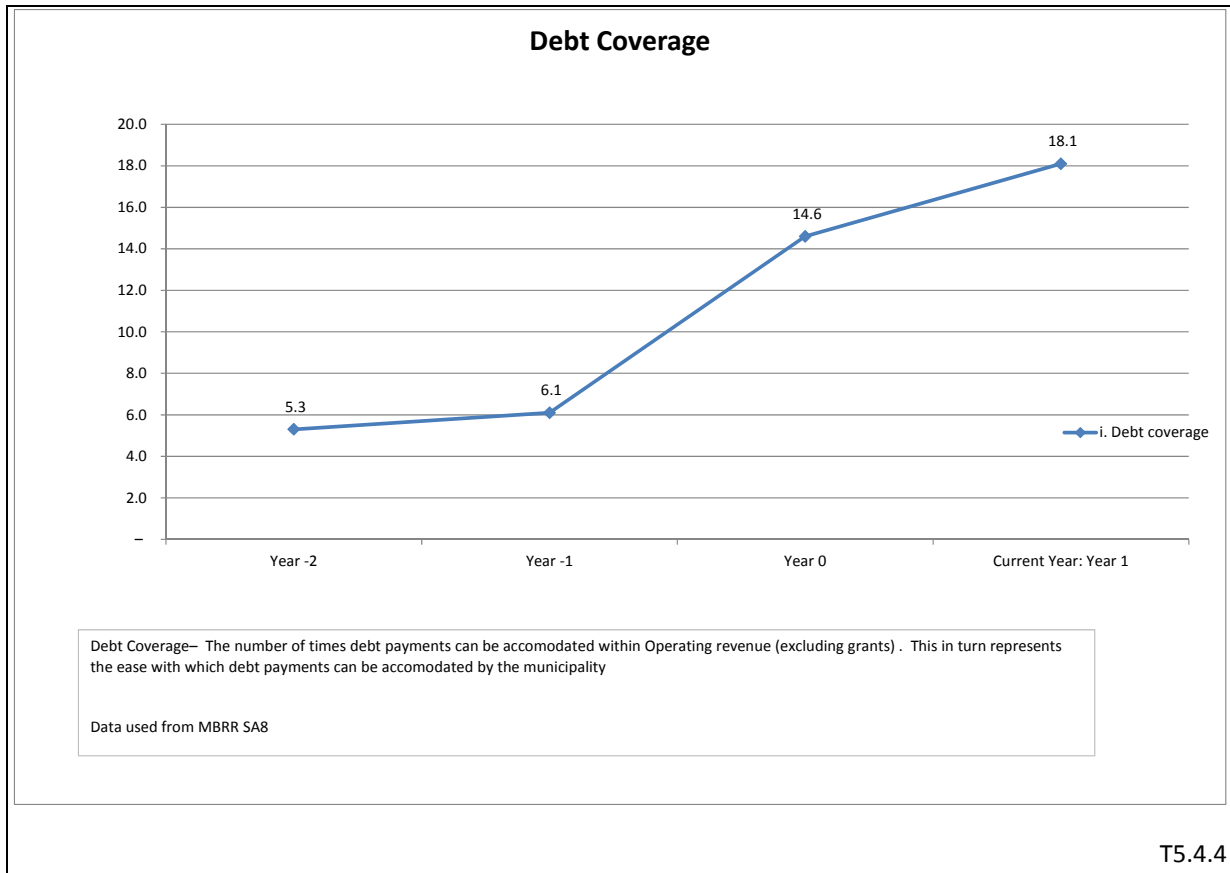


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

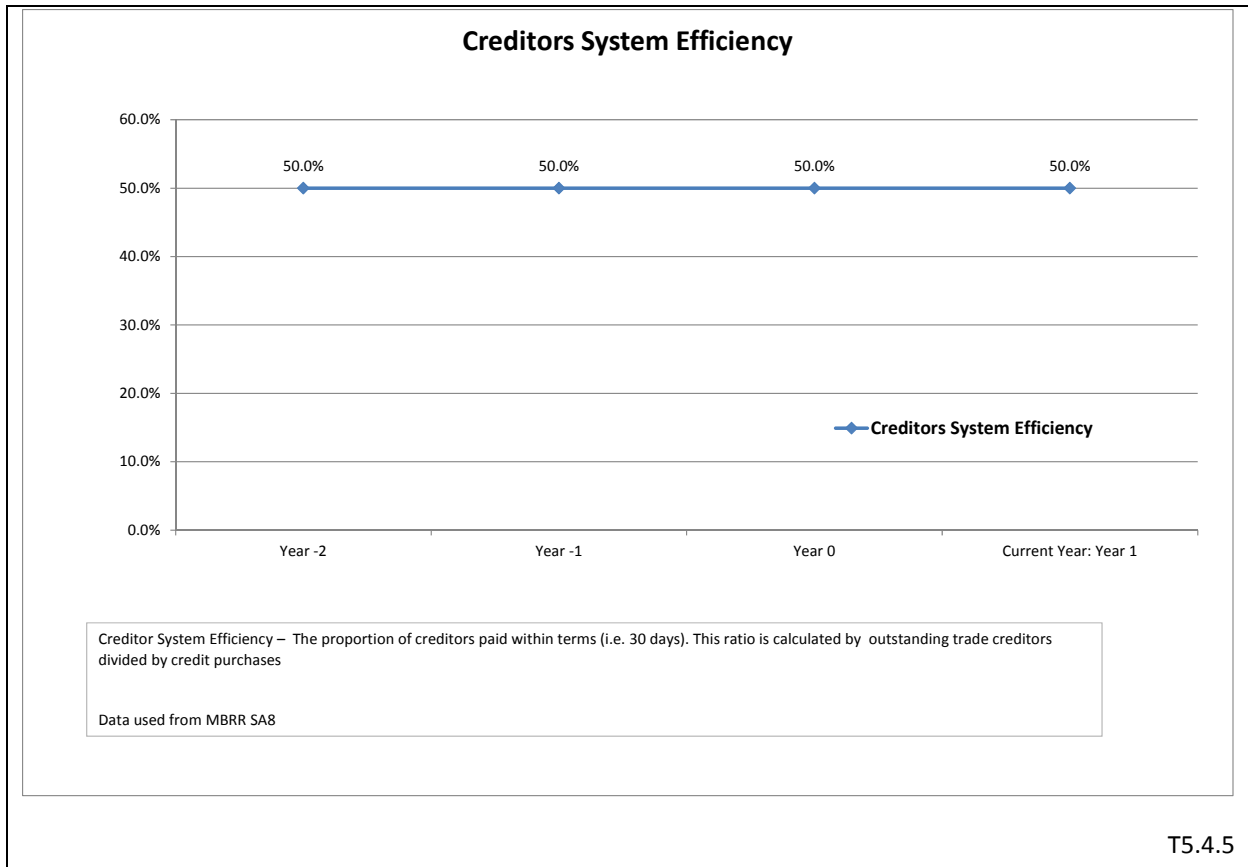
Data used from MBRR SA8

T5.4.3

# Chapter 7(new)

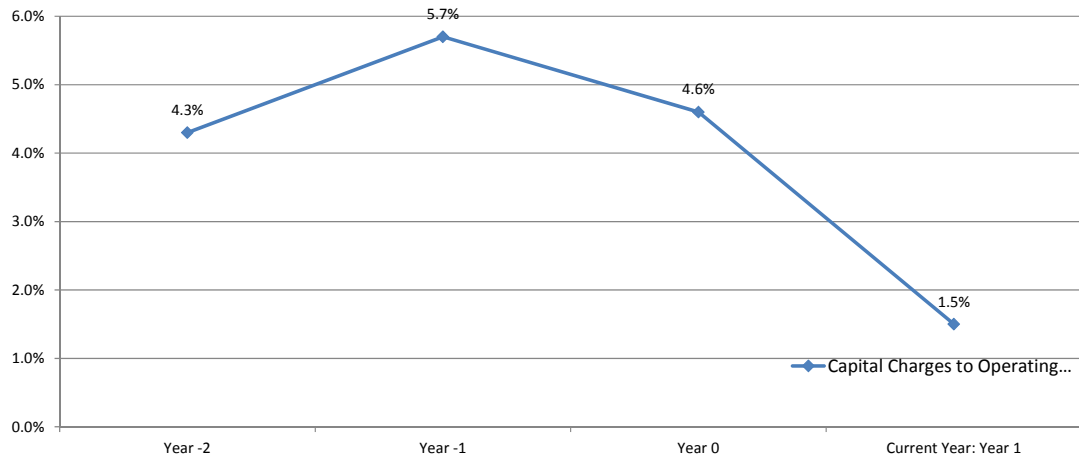


# Chapter 7(new)



# Chapter 7(new)

**Capital Charges to Operating Expenditure**



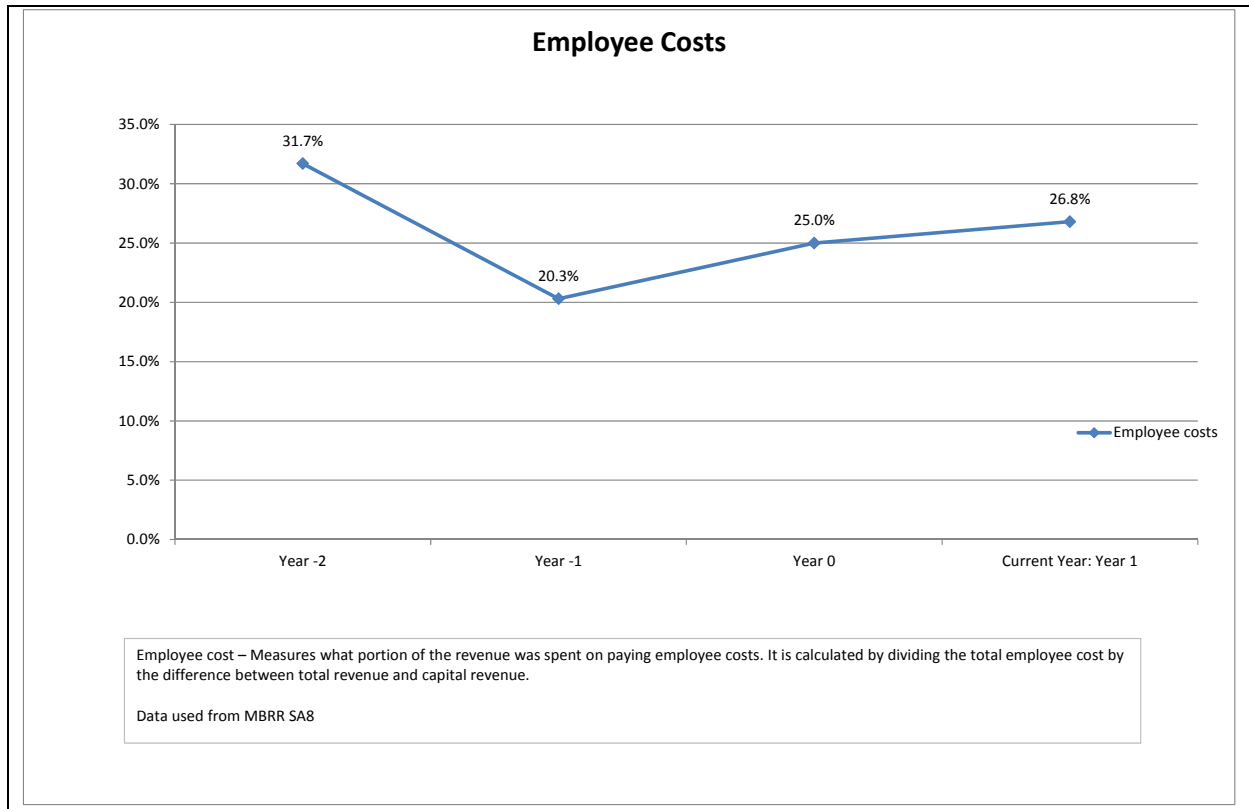
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

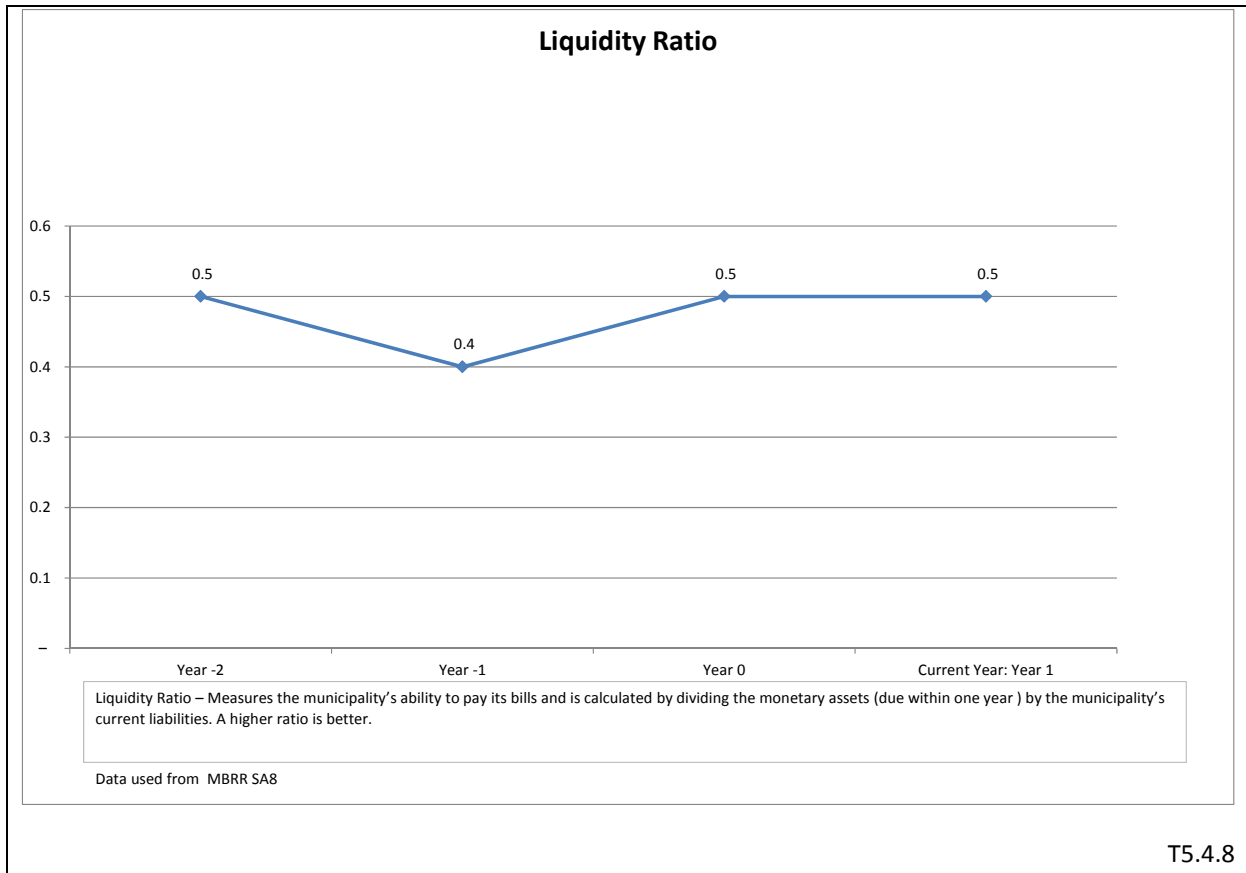
T5.4.6



# Chapter 7(new)



# Chapter 7(new)



## COMMENT ON FINANCIAL RATIOS:

The expenditure for repair and maintenance do not increase from 2014/2015 and stay on the same amount as 2013/2014 financial year.

T5.4.9

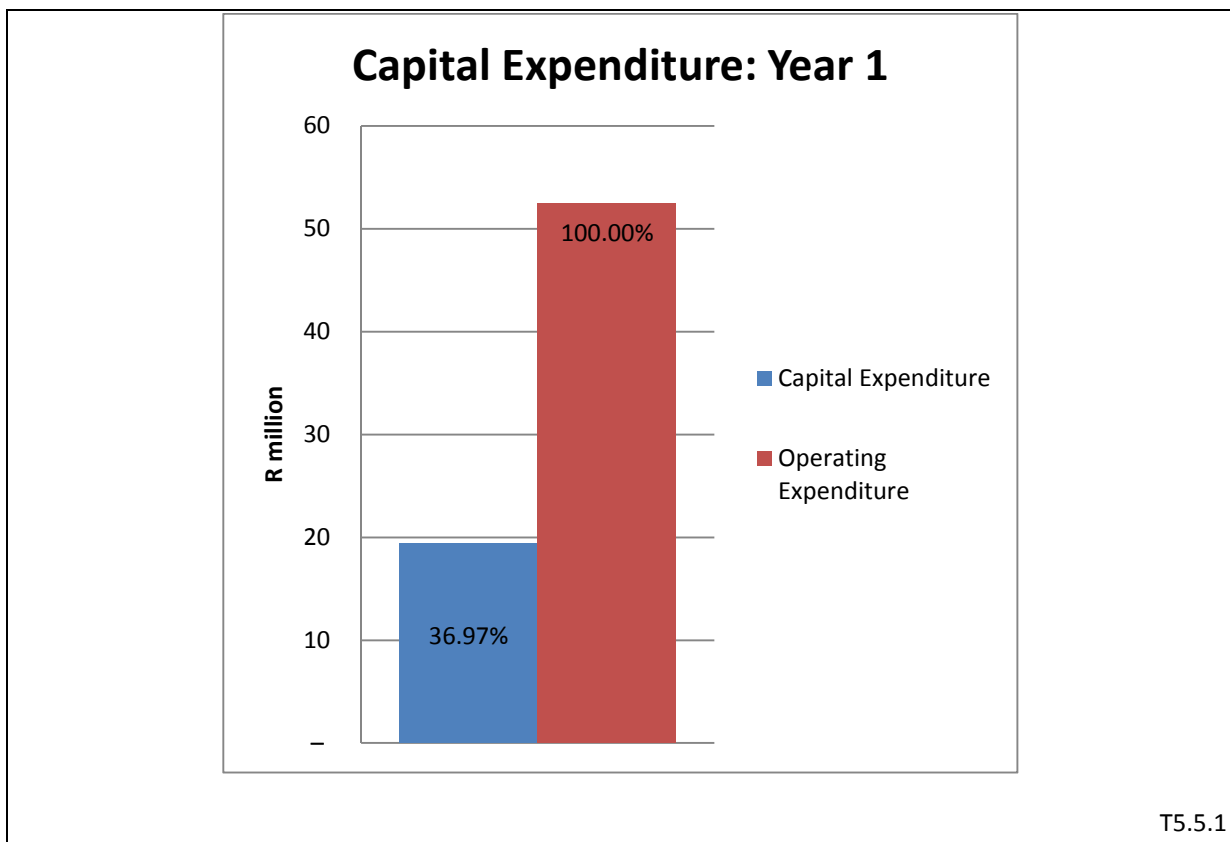
# Chapter 7(new)

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The Capital expenditure spend during the 2014/15 financial year amounting to 36.97 % of the total operating expenditure for 2014/2015 financial year.

#### 5.5 CAPITAL EXPENDITURE



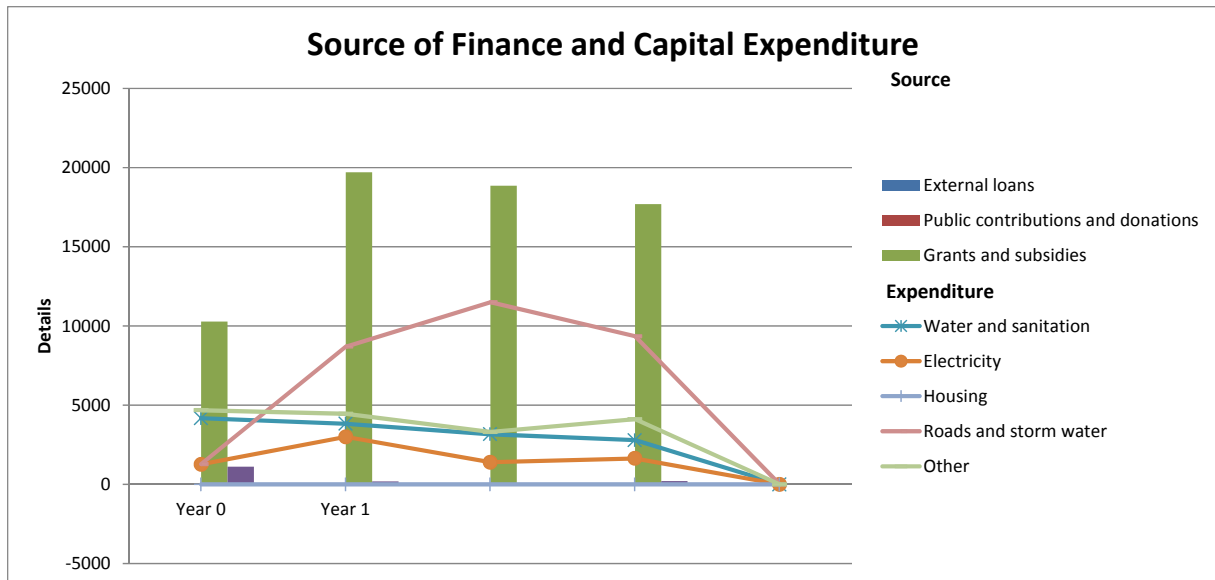
# Chapter 7(new)

## 5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources Year 0 to Year 1						
R' 000						
Details	Year 0	Year 1				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>						
External loans	0	0	0	0	#DIV/0!	#DIV/0!
Public contributions and donations	0	0	0		#DIV/0!	#VALUE!
Grants and subsidies	10285	19697	18852	17683	-4.29%	-10.22%
Other	1116	200	0	215	-100.00%	7.50%
<b>Total</b>	<b>11401</b>	<b>19897</b>	<b>18852</b>	<b>17898</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>Percentage of finance</b>						
External loans	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#VALUE!
Grants and subsidies	90.2%	0.0%	0.0%	90.2%	#DIV/0!	#DIV/0!
Other	9.8%	1.0%	0.0%	9.8%	#DIV/0!	#DIV/0!
<b>Capital expenditure</b>						
Water and sanitation	4175	3831	3170	2795	-17.25%	-27.04%
Electricity	1267	3000	1400	1636	-53.33%	-45.47%
Housing	0	0	0	0	#DIV/0!	#DIV/0!
Roads and storm water	1278	8699	11497	9349	32.16%	7.47%
Other	4681	4457	3305	4118	-25.85%	-7.61%
<b>Total</b>	<b>11401</b>	<b>19987</b>	<b>19372</b>	<b>17898</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>Percentage of expenditure</b>						
Water and sanitation	36.6%	19.2%	16.4%	15.6%	#DIV/0!	#DIV/0!
Electricity	11.1%	15.0%	7.2%	9.1%	#DIV/0!	#DIV/0!
Housing	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
Roads and storm water	11.2%	43.5%	59.3%	52.2%	#DIV/0!	#DIV/0!
Other	41.1%	22.3%	17.1%	23.0%	#DIV/0!	#DIV/0!

T5.6.1

# Chapter 7(new)



## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

# Chapter 7(new)

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current Year: Year 1			Variance Current Year: Year 1	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Upgrading of Gravel roads	10 797	10 797	9 957	8%	0%
B -	-	-	-	#DIV/0!	#DIV/0!
C -	-	-	-	#DIV/0!	#DIV/0!
D -	-	-	-	#DIV/0!	#DIV/0!
E -	-	-	-	#DIV/0!	#DIV/0!
* Projects with the highest capital expenditure in Year 1					
Name of Project - A	Upgrading of gravel roads in Onseepkans and Pella				
Objective of Project	To ensure that the community have a better life throught service delivery				
Delays	Supply of Material				
Future Challenges	None				
Anticipated citizen benefits	3445				
Name of Project - B					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - C					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - D					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - E					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
					T5.7.1

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

# Chapter 7(new)

## 5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	Year 0	Current Year: Year 1		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	12 495	20 013	21 845	11 752
Government - operating	26 878	17 482	18 855	14 385
Government - capital	10 837	16 354	16 039	15 571
Interest	367	200	200	183
Dividends	–			
<b>Payments</b>				
Suppliers and employees	(38 527)	(34 193)	(36 817)	(30 718)
Finance charges	(266)	(226)	(76)	(563)
Transfers and Grants	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>11 784</b>	<b>19 630</b>	<b>20 046</b>	<b>10 610</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(10 361)	(19 987)	(20 403)	(17 626)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(10 361)</b>	<b>(19 987)</b>	<b>(20 403)</b>	<b>(17 626)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing	–	–	–	
Increase (decrease) in consumer deposits	15	4	4	9
<b>Payments</b>				
Repayment of borrowing	(21)	(234)	(234)	(23)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(7)</b>	<b>(230)</b>	<b>(230)</b>	<b>(14)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>1 416</b>	<b>(587)</b>	<b>(587)</b>	<b>(7 030)</b>
Cash/cash equivalents at the year begin:	6 404	2 887	2 360	7 820
Cash/cash equivalents at the year end:	7 820	2 300	1 772	790
Source: MBRR SA7				T5.9.1

# Chapter 7(new)

## 5.10 BORROWING AND INVESTMENTS

### INTRODUCTION TO BORROWING AND INVESTMENTS

No new long-term loans is entered into during the 2013/2014 financial year.

T5.10.1

Actual Borrowings Year -1 to Year 1			
			R' 000
Instrument	Year -1	Year 0	Year 1
<b><u>Municipality</u></b>			
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)	0	0	0
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	55	33	11
Other Securities			
<b>Municipality Total</b>	<b>55</b>	<b>33</b>	<b>11</b>
<b><u>Municipal Entities</u></b>			
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)	0	0	0
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	0	0	0
Other Securities	0	0	0
<b>Entities Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

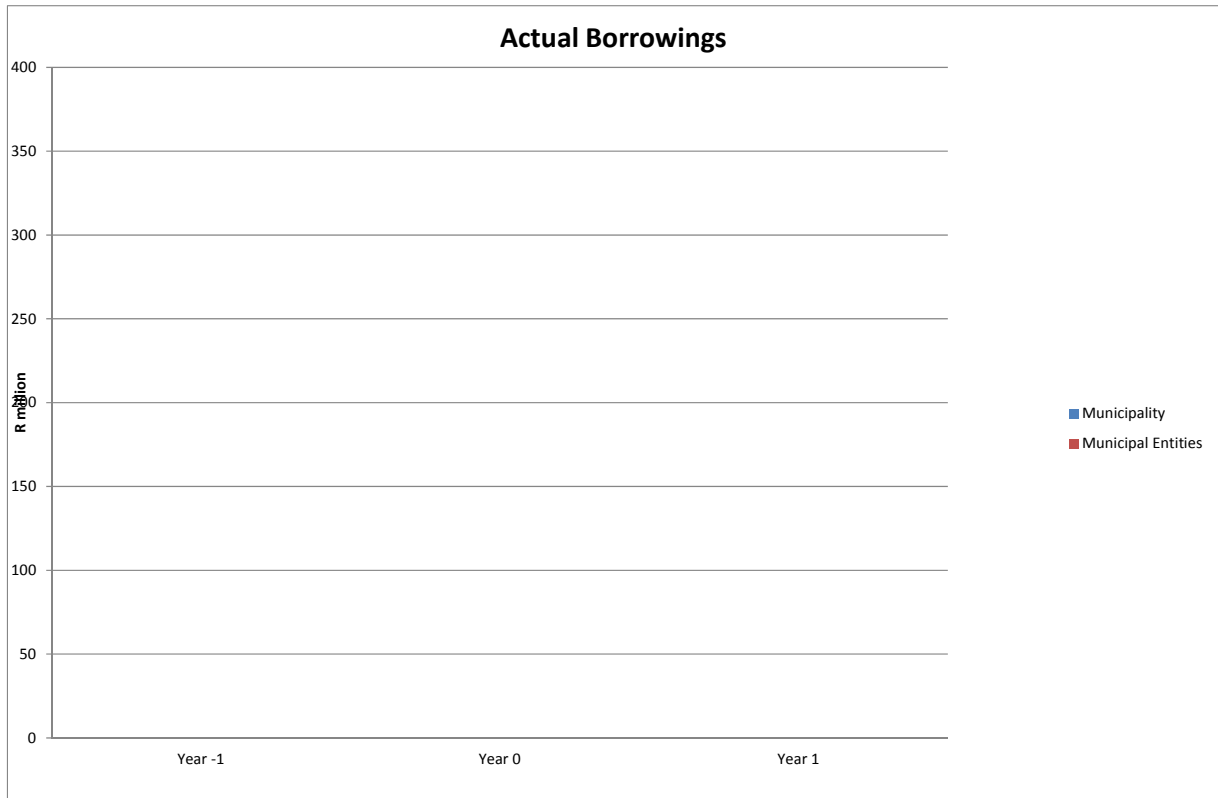
T5.10.2

No loans. Only Financial leases – 2 Photocopiers

T5.10.3



# Chapter 7(new)



# Chapter 7(new)

## COMMENT ON BORROWING AND INVESTMENTS

The deposits in bank (Call deposits) consists mainly of unspent government grants.

T5.10.5

Municipal and Entity Investments			
Investment* type	Year -1	Year 0	Year 1
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	6 404	7 820	790
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	<b>6 404</b>	<b>7 820</b>	<b>790</b>
<b>Municipal Entities</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
<b>Entities sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Consolidated total:</b>	<b>6404</b>	<b>7820</b>	<b>790</b>
			<b>T5.10.4</b>

## 5.11 PUBLIC PRIVATE PARTNERSHIPS

### PUBLIC PRIVATE PARTNERSHIPS

Council do not entered into a Public Private Partnership

T5.11.1

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

No councilors are members of any committee handling Supply Chain processes. Two senior Supply Chain officials attend training by National Treasury (MFMP) to reach the prescribed levels required for their positions (MFMA Competency Regulation Guidelines). Two officials reach the necessary competency levels. According to the Supply Chain Regulations and Supply Chain Policy the adjudication committee must consist of at least four senior managers of the municipality which must include the Chief Financial Officer, Senior Supply Chain Practitioner and a Technical expert.

T5.12.1

### 5.13 GRAP COMPLIANCE

#### GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications. Council comply fully with all GRAP Standards.

# GLOSSARY

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA S45 states that the results of performance measurement... must be audited annually by the Auditor-General.

T6.0.1

## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 0

### 6.1 AUDITOR GENERAL REPORTS YEAR 0 (PREVIOUS YEAR)

Auditor-General Report on Service Delivery Performance: Year 0	
<b>Audit Report Status:</b>	Unqualified with other matters
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
The annual performance report for the financial year under review was not prepared as required by section 46 of the Municipal Systems Act.	Council must implemented and approved performance review policy regarding the collection and reporting of performance data and information does not exist. Council must assigned an official with roles and responsibilities for performance management.

T6.1.2

# GLOSSARY

## COMPONENT B: AUDITOR-GENERAL OPINION YEAR 1 (CURRENT YEAR)

Auditor-General Report on Financial Performance Year 1*	
Status of audit report:	Unqualified with other matters
Non-Compliance Issues	Remedial Action Taken
Management appointed a service provider to compile the annual financial statements. However, they failed to adequately review these statements, which required material adjustments to ensure its fair presentation.	Council must appoint skilled staff in the finance department to assist the Chief Financial Officer with his duties.
Management did not submit an annual performance report.	Council must implement and approve performance review policy regarding the collection and reporting of performance data and information does not exist. Council must assign an official with roles and responsibilities for performance management.
<p><i>Note: * The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worst). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor-General Report on Financial Performance Year 1.</i></p>	
	T6.2.1

## Report of the auditor-general to the Northern Cape provincial legislature and the council on Khai-Ma Local Municipality

### Report on the financial statements

#### Introduction

66. I have audited the financial statements of the Khai-Ma Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the financial statements

67. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-general's responsibility

68. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
69. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments,

# GLOSSARY

the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

70. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

71. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Khai-Ma Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matters

72. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Restatement of corresponding figures

73. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 30 June 2015 in the financial statements of Khai-Ma Local Municipality at, and for the year ended, 30 June 2014

## Financial sustainability

74. The statement of financial position indicates that the Khai-Ma Local Municipality current liabilities exceeded its current assets by R10 699 921. These conditions, along with other matters as set forth in the note 55, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

## Material losses

75. As disclosed in note 45.8 to the financial statements, material losses to the amount of R1 460 833 were incurred as a result of electricity and water distribution losses.



# GLOSSARY

## Additional matters

76. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Unaudited supplementary schedules

77. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

## Unaudited disclosure notes

78. In terms of section 125(2) (e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## Report on other legal and regulatory requirements

79. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

80. The annual performance report was not presented for auditing and consequently my findings below are limited to the procedures performed on the strategic planning and performance management documents for the following selected development objectives:

Basic service delivery indicators: Key Performance Indicators (KPI): 16, 31, 38, 40-42, 85, 161-162, 164-165, 170, 172, 176, 179, 180-187, 189-190, 192-193 and 195 as included in the Service Delivery and Budget Implementation Plan (SDBIP) was selected.

81. I assessed the information to determine whether the performance indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

# GLOSSARY

82. The material findings in respect of the selected objectives are as follows:

## Basic service delivery indicators

### Usefulness of performance information

83. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 80% (>20%) of the indicators were not well defined.
84. Performance targets should be specific in clearly identifying the nature and required level of performance as required by the FMPPI. A total of 24% (>20%) of the targets were not specific.
85. Performance targets should be measurable as required by the FMPPI. I could not measure the required performance for 100% (>20%) of the targets.
86. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 100% (>20%) of the indicators were not verifiable.
87. This was because management was not aware of the requirements of the FMPPI and due to a lack of proper systems and processes for performance information.

## Compliance with legislation

88. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

## Strategic planning and performance management

89. The municipality did not establish a performance management system, as required by section 38(a) of the Municipal Systems Act.
90. The performance of the municipality were not assessed during the first half of the financial year, as required by section 72(1)(a)(ii) of the MFMA.
91. The municipality did not give effect to its integrated development plan and conduct its affairs in a manner which was consistent with its integrated development plan as required by section 36 of the MSA, section 21(2)(a) of the MFMA and Municipal planning and performance management regulation 6.

# GLOSSARY

92. The KPIs set by the municipality did not include indicators on percentage of households with access to basic level of water, sanitation and electricity were not set by the municipality as required by section 43(2) of the MSA and the Municipal planning and performance management regulation 10(a).
93. The service delivery and budget implementation plan (SDBIP) for implementing the municipality's delivery of municipal services did not indicate projections for each month of the revenue to be collected, by source and the operational and capital expenditure, by vote.
94. The performance management system and related controls were not in place as it did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting, improvement and how it is conducted, organised and managed, including determining the roles of the different role-players, as required by sections 38 of the MSA and regulation 7 of the Municipal planning and performance management regulations.
95. The annual performance agreements for the municipal manager and all senior managers are not linked to the measurable performance objectives approved with the budget and to the service delivery budget implementation plan as required in terms of section 53(1)(c)(iii) of the MFMA and section 57(1)(b) of the MSA.

## Financial statements, performance and annual reports

96. The annual performance report was not prepared for the financial period under review, as required by section 46 of the MSA.
97. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.
98. The oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2014/15 annual report was tabled, as required by section 129(1) of the Municipal Finance Management Act.

## Audit committees

99. An audit committee was not in place, as required by section 166(1) of the MFMA.
100. A performance audit committee was not in place and the audit committee was not used to fulfil the performance audit committee function, as required by Municipal planning and performance management regulation 14(2)(a).

# GLOSSARY

## Internal audit

101. An internal audit unit was not established, as required by section 165(1) of the MFMA.

## Procurement and contract management

102. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA.
103. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2) (c) of the MFMA.

## Human resource management and compensation

104. Job descriptions were not established for all posts in which appointments were made in the current year, in contravention of section 66(1)(b) of MSA.
105. The competencies of the senior managers were not assessed in a timely manner in order to identify and address gaps in competency levels as required by Municipal Regulations on Minimum Competency Levels 13.
106. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the Regulations on Minimum Competency Levels reg14(2)(a).
107. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies as required by the Regulations on Minimum Competency Levels reg14(2)(b) .
108. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor, measure and evaluate performance of staff in contravention of MSA sec 67(d).
109. Senior managers did not sign performance agreements, as required by section 57(2)(a) of the Municipal Systems Act.

## Expenditure management

110. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.
111. Reasonable steps were not taken to prevent unauthorised expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

# GLOSSARY

## Conditional grants received

112. Municipal Systems Improvement Grant (MSIG) funds were retained or rollover to the next financial year without seeking the approval of the National Treasury, as required by sections 22(1) of the DoRA.

## Revenue management

113. A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of MFMA.

## Asset and liability management

114. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

## Consequence management

115. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.
116. Authorisation of unauthorised expenditure was not done through an adjustment budget, as required by section 32(2)(a)(i) of the MFMA.

## Internal control

117. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

## Leadership

118. The Mayor did not develop and submit for adoption by the council, a performance management system to report on service delivery. Leadership did not hold staff of the municipality accountable due to the performance system not being implemented
119. During the financial year under review, leadership did not take timeous and adequate action to address weaknesses in the finance and SCM directorates which resulted in non-compliance with applicable legislation and gave rise to unauthorised and fruitless and wasteful expenditure.

# GLOSSARY

- 120. The leadership did not ensure adherence to SCM policy at the municipality, which resulted in processes not preventing material non-compliance.
- 121. The accounting officer did not communicate the commitment to quality in preparing the annual financial statements.

## Financial and performance management

- 122. During the financial year under review, management also did not ensure that all transactions and records were internally checked to detect and correct errors in the financial records.
- 123. During the year under review, the accounting officer did not regularly review and monitor management's compliance with all laws and regulations and internally designed policies and procedures. As a result, significant non-compliance issues were noted that could have been prevented.
- 124. The municipality did not have a delegated employee to review and monitor compliance with applicable laws and regulations. There are deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations and performance information.
- 125. Management did not follow up on the prior audit findings which resulted in the municipality not submitting an annual performance report for the current and prior financial year.
- 126. Management did not review the financial statements, to ensure the achievement of fair presentation; this resulted in material amendments to the financial statements.
- 127. Records management and maintenance disciplines should be refined and included in the daily key controls and reviewed and monitored by the appropriate level of management.

## Governance

- 128. Management did not review or monitor risks identified. In addition no risk assessment was performed relating to the IT environment.
- 129. The internal audit unit did not function for the entire financial year. Internal audit reports were not available; consequently management could not implement or address findings raised by the internal audit unit.
- 130. Prior years audit finding was not address by management as the council did not establish an audit committee as required by the MFMA.

# GLOSSARY

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Kimberley

30 November 2015



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# GLOSSARY

GLOSSARY	
<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.



# GLOSSARY

<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to

# GLOSSARY

	clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

# APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non- attendance
	FT/PT			%	%
L.H. van Rooi	PT	Finance	Party Represented	75%	25%
H.J. Raman	PT	Finance	Ward	100%	
A.J. Josop (Mayor)	FR		Ward	100%	
S. April	PT	Infrastructure	Party Represented	91.67%	8.33%
S.T. Basson	PT	Institutional	Ward	100%	
P.A. van Heerden	PT	Infrastructure	Ward	91.67%	8.33%
S. Magerman	PT	Institutional	Party Represented	100%	
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

# APPENDICES

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance Committee	To make recommendations to the council about the council's financial
Institutional Committee	To make recommendations to the council about personnel - and administrative matters
Infrastructure Committee	To make recommendations to the council about infrastructure matters.
	T B

# APPENDICES

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	No	
Building regulations	Yes	
Child care facilities	Yes	
Electricity and gas reticulation	Yes	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this	No	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters	No	
Stormwater management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
<i>Continued next page</i>		
<i>Continued from previous page</i>		

# APPENDICES

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 5, Part B functions:</b>		
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	No	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	No	
Control of undertakings that sell liquor to the public	No	
Facilities for the accommodation, care and burial of animals	No	
Fencing and fences	Yes	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	No	
Local amenities	No	
Local sport facilities	Yes	
Markets	No	
Municipal abattoirs	Yes	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	No	
Pounds	No	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	No	
<b>* If municipality: indicate (yes or No); * If entity: Provide name of entity</b>		T D

# APPENDICES

## APPENDIX E – WARD REPORTING

Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1 (Onseepkans)	Councillor Aurelia Josop (Ward Councillor)	Yes	Two (2)	None	None
	Maria Magrietha Koper				
	Anne-Marie Booysen				
	Mariechen Jaar				
	Alfreda Keiser				
	Patromien Kordom				
	Edwin Kortom				
Ward 2 (Blyvooruitsig)	Councillor Henry Raman (Ward Councillor)	Yes	One (1)	None	None
	Ellie Nel				
	Patrick Jasson				
	Esmè Nel				
	Virginia Basson				
	Katrina Cupido				
	Fadiel Faroa				
Ward 3 (Pella)	Councillor Pasqualine van Heerden (Ward Councillor)	Yes	Four (4)	None	None
	Selomie Swartbooi				
	Eva Fortuin				
	Petrus Simboya				
	Rosina Secondt				
	Louise Hugo				
	John Christiaan				
	Christine Swartz				
Ward 3 (Witbank)	Hendrik Stuurman	Yes	Two (2)	None	None
	Renee du Plessis				
	Herzell Hein				
	Olivia du Plessis				
Ward 4 (Pofadder)	Councillor Stanley Basson (Ward Councillor)	Yes	Three (3)	None	
	Alwyn Carstens				
	Luiise Niemoller				
	Surita Bezuidenhoudt				
	Clarina van Rooyen				
	Gertruida Basson				
	Estrolita Slinger				
Ward 4 (Aggeneys)	Francoise Engelbrecht	Yes	One (1)	None	
	Conrad Kruger				
	Veronica Pretorius				
	Cyntheria Masebeni				
					T E

# APPENDICES

## APPENDIX F – WARD INFORMATION

Ward Title: Onseepkans/ Pella				
Capital Projects: Largest in Year 1				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
1.	Upgrading of Roads in Pella and Onseepkans	201410	201506	9956
2.	Development of 198 stands	201304	201412	8402
				T F.1

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery					
Households without minimum service delivery					
Total Households*					
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T F.2

xx

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 1
	No ward committees were functional during 2013/2014	No service delivery priorities
		T F.3



# APPENDICES

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 1

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 1	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	No Audit committee was established during 2012/13	No recommendations
		T.G

## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into Year 1)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
No contracts entered into in year 1					
					T.H.1

Public Private Partnerships Entered into Year 1					
					R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2011/12
No contracts entered into in year 1					
					T.H.2

## APPENDIX I – MUNICIPAL ENTITIES/SERVICE PROVIDERS PERFORMANCE SCHEDULE

(Council do not have any municipal entities)

# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

# APPENDICES

## APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	Year 0	Current Year: Year 1			Year 1 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Municipal Manager	218	314	0	2	-20812.00%	99.87%
Finance	17 423	19 013	18 491	20 202	5.88%	8.47%
Corporate Services	4 500	698	1 026	788	11.38%	-30.23%
Infrastructure Development	13 289	16 316	16 140	17 178	5.02%	6.04%
Economic Development	5 685	13 339	14 764	8 680	-53.67%	-70.09%
<b>Total Revenue by Vote</b>	<b>41 114</b>	<b>49 680</b>	<b>50 421</b>	<b>46 850</b>	<b>-6.04%</b>	<b>-7.62%</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

## APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source 2013/14						
R '000						
Description	Year 0	Year 1			Year 1 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	2 433	3 146	2 963	2 888	8.94%	2.60%
Property rates - penalties & collection charges	–	–	–	–	0.00%	0.00%
Service Charges - electricity revenue	4 711	6 084	5 835	5 728	6.21%	1.87%
Service Charges - water revenue	5 267	6 386	6 506	5 680	12.43%	14.54%
Service Charges - sanitation revenue	718	1 132	1 132	893	26.78%	26.78%
Service Charges - refuse revenue	527	739	691	678	9.02%	1.95%
Service Charges - other	17	20	79	85	-76.99%	-7.49%
Rentals of facilities and equipment	139	433	145	173	150.82%	-15.85%
Interest earned - external investments	299	200	230	367	-45.46%	-37.28%
Interest earned - outstanding debtors	929	653	653	2 658	-75.43%	-75.43%
Fines	16	30	30	3	883.61%	883.61%
Licences and permits	26	36	36	28	25.64%	25.64%
Agency services	118	135	135	134	0.73%	0.73%
Transfers recognised - operational	25 307	29 502	30 343	24 951	18.24%	21.61%
Other revenue	607	1 185	1 644	2 584	-54.14%	-36.40%
Gains on disposal of PPE	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>41 114</b>	<b>49 680</b>	<b>50 421</b>	<b>46 850</b>	<b>-6.04%</b>	<b>-7.62%</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						T K.2

# APPENDICES

## APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

### APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 0	Year 1			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	703	15 803	29 399	6 720	10 435	12 178	11 839
<b>Infrastructure: Road transport - Total</b>	29	9 367	10 435	1 278	10 435	6 866	6 373
<i>Roads, Pavements &amp; Bridges</i>	29	9 367	10 435	1 278	10 435	6 866	6 373
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	441	2 053	4 829	1 267	–	–	–
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>	441	2 053	4 829	1 267	–	–	–
<i>Street Lighting</i>				–			
<b>Infrastructure: Water - Total</b>	29	–	1 563	1 224	–	–	–
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>	29	–	1 563	1 224			
<b>Infrastructure: Sanitation - Total</b>	204	–	3 694	2 951	–	5 312	5 466
<i>Reticulation</i>	204	–	3 694	2 951		5 312	5 466
<i>Sewerage purification</i>		–	–				
<b>Infrastructure: Other - Total</b>	–	–	–	–	–	–	–
<i>Waste Management</i>				–			
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>		–	–	–	–		
<b>Community - Total</b>	2 192	4 384	8 878	3 322	–	–	–
<i>Parks &amp; gardens</i>							
<i>Sportsfields &amp; stadia</i>							
<i>Swimming pools</i>							
<i>Community halls</i>	2 149	2 849	2 778	3 147	–		
<i>Libraries</i>	43		–	175			
<i>Recreational facilities</i>							
<i>Fire, safety &amp; emergency</i>							
<i>Security and policing</i>							
<i>Buses</i>							
<i>Clinics</i>							
<i>Museums &amp; Art Galleries</i>							
<i>Cemeteries</i>							
<i>Social rental housing</i>							
<i>Other</i>	–	1 535	6 100		–		
<i>Table continued next page</i>							

# APPENDICES

Table continued from previous page

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 0	Year 1			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	-	-		-	-	-	-
Buildings							
Other							
<b>Investment properties - Total</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	1 697	-	290	1 358	-	-	-
General vehicles	702						
Specialised vehicles							
Plant & equipment	565		40	19			
Computers - hardware/equipment	70		100	65			
Furniture and other office equipment	150		150	178			
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other	210			1 097			
<b>Agricultural assets</b>	-	-		-	-	-	-
List sub-class							
<b>Biological assets</b>	-	-		-	-	-	-
List sub-class							
<b>Intangibles</b>	-	-	-	-	-	-	-
Computers - software & programming			-	-			
Other (list sub-class)							
<b>Total Capital Expenditure on new asset</b>	4 592	20 187	38 567	11 401	10 435	12 178	11 839
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

# APPENDICES

## APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

<i>Table continued from previous page</i>							
Capital Expenditure - Upgrade/Renewal Programme*							
Description	Year 0	Year 1			Planned Capital		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
List sub-class							
<b>Biological assets</b>	-	-		-	-	-	-
List sub-class							
<b>Intangibles</b>	-	-	-	-	-	-	-
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-	-	-	-	-	-
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							T M.2

# APPENDICES

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 1

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 1

i

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Water, sanitation, refuse removal, roads, storm water, electricity, land and housing	80%
Output: Implementation of the Community Work Programme	Organisational transformation to match IDP requirements, internal policies dealing with national priorities, general management practices and training	60%
Output: Deepen democracy through a refined Ward Committee model	Public relations, marketing and communication, empowering wards, public participation structures and mechanisms and service ethics (Batho Pele)	60%
Output: Administrative and financial capability	Financial policies, budget management, assets and liability control and supporting strategies to fund priorities	80%
* Note: Some of the outputs detailed on this table might have been reported for in other chapters, the information thereof should correspond with previously reported information.		
T T		

# APPENDICES

## VOLUME II: ANNUAL FINANCIAL STATEMENTS



## **KHAI-MA MUNICIPALITY**



### **FINANCIAL STATEMENTS**

**30 JUNE 2015**

# APPENDICES

## KHAI-MA MUNICIPALITY

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# APPENDICES

## KHAI-MA MUNICIPALITY

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

#### GENERAL INFORMATION

##### NATURE OF BUSINESS

Khai-Ma Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

##### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

##### JURISDICTION

The Khai-Ma Municipality includes the areas of Pofadder, Aggeneys, Pella, Witbank and Onseepkans.

##### MUNICIPAL MANAGER

OJ Isaacs

##### CHIEF FINANCIAL OFFICER

PJ van der Merwe

##### REGISTERED OFFICE

P.O. Box 108  
Pofadder  
8890

##### AUDITORS

The Auditor-General  
Private Bag X5013  
Kimberley  
8300

##### PRINCIPLE BANKERS

The Standard Bank of S.A. Ltd

##### ATTORNEYS

Van der Merwe/Miller Ing.

##### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations  
Municipal Budget and Reporting Regulations

# APPENDICES

## KHAI-MA MUNICIPALITY

### MEMBERS OF THE KHAI-MA MUNICIPALITY

#### WARD

#### COUNCILLOR

1	AJ Josop (Mayor)
2	HJ Raman
3	PA van Heerden
4	ST Basson
Proportional	LH van Rooi
Proportional	SM Magerman
Proportional	S April

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 89 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

OJ Isaacs

Municipal Manager

Date

# APPENDICES

KHAI-MA MUNICIPALITY			
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015			
	Notes	2015 R	2014 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>92 032 513</b>	<b>80 902 023</b>
Housing Development Fund	2	16 155	16 155
Revaluation Reserve	2	29 969 903	30 195 402
Accumulated Surplus/(Deficit)		62 046 455	50 690 467
<b>Non-Current Liabilities</b>		<b>8 177 586</b>	<b>7 134 752</b>
Long-term Liabilities	3	-	10 544
Non-current Provisions	4	3 341 830	2 228 825
Non-current Employee Benefits	5	4 835 757	4 895 384
<b>Current Liabilities</b>		<b>17 961 685</b>	<b>20 329 333</b>
Consumer Deposits	6	86 586	77 410
Current Employee Benefits	7	1 335 685	1 249 984
Payables from exchange transactions	8	12 520 833	9 658 833
Unspent Conditional Government Grants and Receipts	9	4 008 038	9 319 657
Current Portion of Long-term Liabilities	3	10 544	23 450
<b>Total Net Assets and Liabilities</b>		<b>118 171 784</b>	<b>108 366 108</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>110 910 020</b>	<b>93 740 645</b>
Property, Plant and Equipment	12	109 255 463	93 209 087
Investment Property	13	1 494 888	306 230
Intangible Assets	14	159 669	225 327
<b>Current Assets</b>		<b>7 261 764</b>	<b>14 625 464</b>
Inventory	15	572 546	1 614 049
Receivables from exchange transactions	16	1 738 878	2 154 120
Receivables from non-exchange transactions	17	1 948 777	1 665 586
Unpaid Conditional Government Grants and Receipts	9	-	-
Taxes	10.3	2 211 192	1 371 495
Cash and Cash Equivalents	19.1	790 370	7 820 213
<b>Total Assets</b>		<b>118 171 784</b>	<b>108 366 108</b>

# APPENDICES

KHAJ-MA MUNICIPALITY			
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015			
	Notes	2015 R	2014 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>39 610 398</b>	<b>27 231 410</b>
<b>Taxation Revenue</b>		<b>3 000 272</b>	<b>2 810 414</b>
Property Rates	20	3 000 272	2 810 414
<b>Transfer Revenue</b>		<b>35 267 743</b>	<b>22 486 904</b>
Government Grants and Subsidies - Capital	21	15 571 249	10 837 450
Government Grants and Subsidies - Operating	21	19 696 494	11 649 454
<b>Other Revenue</b>		<b>1 342 383</b>	<b>1 934 093</b>
Fines		2 800	3 050
Actuarial Gains	5	652 251	-
Other	25	687 332	1 931 043
<b>Revenue from Exchange Transactions</b>		<b>15 449 223</b>	<b>16 616 507</b>
Service Charges	22	13 866 379	12 945 917
Rental of Facilities and Equipment		175 014	170 159
Interest Earned - external investments	23	182 655	366 699
Interest Earned - outstanding receivables	24	857 968	2 734 921
Licences and Permits		22 461	26 787
Income for Agency Services		163 672	134 019
Other Income	25	181 074	238 006
<b>Total Revenue</b>		<b>55 059 621</b>	<b>43 847 918</b>
<b>EXPENDITURE</b>			
Employee related costs	26	(11 771 728)	(11 188 733)
Remuneration of Councillors	27	(1 723 225)	(1 736 146)
Debt Impairment	28	(7 336 829)	(8 933 611)
Depreciation and Amortisation	29	(2 594 695)	(1 920 134)
Repairs and Maintenance	30	(1 016 637)	(1 258 148)
Actuarial Losses	5	-	(230 769)
Finance Costs	31	(1 268 212)	(812 110)
Bulk Purchases	32	(8 998 924)	(8 116 010)
Contracted Services		(226 223)	(289 230)
Grants and Subsidies Paid		(359 400)	(358 451)
Other Operating Grant Expenditure	33	(2 089 647)	(2 333 275)
General Expenses	34	(6 409 734)	(2 633 880)
<b>Total Expenditure</b>		<b>(43 795 254)</b>	<b>(39 810 498)</b>
<b>Operating Surplus for the Year</b>		<b>11 264 367</b>	<b>4 037 420</b>
Gains/(Loss) on Sale of Assets	35	92 521	(33 843)
(Impairment loss)/Reversal of impairment loss	36	(900)	(10 527 291)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>11 355 988</b>	<b>(6 523 714)</b>

# APPENDICES

KHAJ-MA MUNICIPALITY				
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015				
	Housing Development Fund	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
<b>Balance at 1 July 2013</b>	<b>15 419</b>	<b>3 798 735</b>	<b>55 031 661</b>	<b>58 845 815</b>
Correction of Error - note 37.7	-	-	1 787 230	1 787 230
<b>Restated balance</b>	<b>15 419</b>	<b>3 798 735</b>	<b>56 818 891</b>	<b>60 633 045</b>
Net Surplus/(Deficit) for the year	-	-	(6 523 714)	(6 523 714)
Net Surplus/(Deficit) previously reported	-	-	(5 614 620)	(5 614 620)
Effects of Correction of Errors - note 37.8			(909 095)	(909 095)
Transfer to Housing Development Fund	736	-	(736)	-
Revaluation	-	26 792 692	-	26 792 692
Impairment of Revaluation Assets	-	(147 987)	147 987	-
Offsetting of depreciation	-	(248 038)	248 038	-
<b>Restated balance at 30 June 2014</b>	<b>16 155</b>	<b>30 195 402</b>	<b>50 690 466</b>	<b>80 902 024</b>
Net Surplus/(Deficit) for the year	-	-	11 355 988	11 355 988
Offsetting of depreciation	-	(225 499)	-	(225 499)
<b>Balance at 30 June 2015</b>	<b>16 155</b>	<b>29 969 903</b>	<b>62 046 455</b>	<b>92 032 513</b>

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KHAI-MA MUNICIPALITY			
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015			
		2015	2014
	Notes	R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Ratepayers and other		10 519 841	9 992 020
Grants		29 956 123	37 715 755
Investment Income		182 655	366 699
Other receipts		1 232 353	2 503 064
Cash payments			
Employee costs		(13 261 172)	(12 675 210)
Suppliers		(17 456 608)	(25 852 195)
Finance costs		(563 119)	(266 461)
<b>Net Cash from Operating Activities</b>	<b>38</b>	<b>10 610 073</b>	<b>11 783 671</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(17 619 402)	(11 400 807)
Proceeds on Disposal of Fixed Assets		-	1 237 047
Purchase of Intangible Assets		(6 240)	(22 920)
Purchase of Investment Properties		-	(174 540)
<b>Net Cash from Investing Activities</b>		<b>(17 625 642)</b>	<b>(10 361 220)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised		-	-
Loans repaid		(23 450)	(21 051)
Increase/(Decrease) in Consumer Deposits		9 176	14 525
<b>Net Cash from Financing Activities</b>		<b>(14 274)</b>	<b>(6 526)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(7 029 843)</b>	<b>1 415 925</b>
Cash and Cash Equivalents at the beginning of the year		7 820 213	6 404 287
Cash and Cash Equivalents at the end of the year	<b>39</b>	<b>790 370</b>	<b>7 820 213</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(7 029 843)</b>	<b>1 415 926</b>



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KHAI-MA MUNICIPALITY									
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS									
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015									
	Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
			(i.t.o. s28 and s31 of the MFMA)		(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)		2015	%
		R	R	R	R	R	R	R	%
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash		2 100 000	(527 630)	1 572 370	-	-	1 572 370	224 817	-85.70%
Call Investment Deposits		200 000	-	200 000	-	-	200 000	565 553	182.78%
Consumer Debtors		7 679 486	(7 148 121)	531 365	-	-	531 365	1 828 309	244.08%
Other Debtors		557 121	1 045 338	1 602 459	-	-	1 602 459	4 070 538	154.02%
Current Portion of long-term receivables		-	-	-	-	-	-	-	-
Inventory		1 941 663	(232 385)	1 709 278	-	-	1 709 278	572 546	-66.50%
<b>Total Current Assets</b>	<b>43.2.1</b>	<b>12 478 270</b>	<b>(6 862 798)</b>	<b>5 615 472</b>	<b>-</b>	<b>-</b>	<b>5 615 472</b>	<b>7 261 764</b>	<b>29.32%</b>
<b>Non-Current Assets</b>									
Long-term receivables		-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-
Investment Property		69 371	236 859	306 230	-	-	306 230	1 494 888	388.16%
Investment in Associates		-	-	-	-	-	-	-	-
Property, Plant and Equipment		110 532 766	(612 304)	109 920 462	-	-	109 920 462	109 255 463	-0.60%
Agricultural Assets		-	-	-	-	-	-	-	-
Biological Assets		-	-	-	-	-	-	-	-
Intangible Assets		156 077	69 250	225 327	-	-	225 327	159 669	-29.14%
Other Non-Current Assets		-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>43.2.2</b>	<b>110 758 214</b>	<b>(306 195)</b>	<b>110 452 019</b>	<b>-</b>	<b>-</b>	<b>110 452 019</b>	<b>110 910 020</b>	<b>0.41%</b>
<b>TOTAL ASSETS</b>		<b>123 236 484</b>	<b>(7 168 993)</b>	<b>116 067 491</b>	<b>-</b>	<b>-</b>	<b>116 067 491</b>	<b>118 171 784</b>	<b>1.81%</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Bank Overdraft		-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	0	-
Consumer Deposits		77 258	-	77 258	-	-	77 258	86 586	12.07%
Trade and Other Payables		12 253 990	(3 386 388)	8 867 602	-	-	8 867 602	16 528 870	86.40%
Provisions		1 189 317	-	1 189 317	-	-	1 189 317	1 335 685	12.31%
<b>Total Current Liabilities</b>	<b>43.2.3</b>	<b>13 520 566</b>	<b>(3 386 388)</b>	<b>10 134 178</b>	<b>-</b>	<b>-</b>	<b>10 134 178</b>	<b>17 951 141</b>	<b>77.13%</b>
<b>Non-Current Liabilities</b>									
Borrowing		1 065 569	(1 055 026)	10 543	-	-	10 543	10 544	0.00%
Provisions		8 900 062	(195 789)	8 704 273	-	-	8 704 273	8 177 586	-6.05%
<b>Total Non-Current Liabilities</b>	<b>43.2.4</b>	<b>9 965 631</b>	<b>(1 250 815)</b>	<b>8 714 816</b>	<b>-</b>	<b>-</b>	<b>8 714 816</b>	<b>8 188 130</b>	<b>-6.04%</b>
<b>TOTAL LIABILITIES</b>		<b>23 486 197</b>	<b>(4 637 203)</b>	<b>18 848 994</b>	<b>-</b>	<b>-</b>	<b>18 848 994</b>	<b>26 139 271</b>	<b>38.68%</b>
<b>NET ASSETS</b>									
Accumulated Surplus/(Deficit)		96 205 461	(28 950 483)	67 254 978	-	-	67 254 978	62 046 455	-7.74%
Reserves		3 544 826	26 418 693	29 963 519	-	-	29 963 519	29 986 058	0.08%
Minorities' Interests		-	-	-	-	-	-	-	-
<b>TOTAL NET ASSETS</b>	<b>43.2.5</b>	<b>99 750 287</b>	<b>(2 531 790)</b>	<b>97 218 497</b>	<b>-</b>	<b>-</b>	<b>97 218 497</b>	<b>92 032 513</b>	<b>-5.33%</b>

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KHAI-MA MUNICIPALITY									
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS									
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015									
	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2015	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	R	%
<b>REVENUE</b>									
Property Rates		3 319 410	(319 290)	3 000 120	-	-	3 000 120	3 000 272	0.01%
Property Rates - Penalties & Collection Charges		100 000	(20 000)	80 000	-	-	80 000	-	-100.00%
Service Charges - Electricity Revenue		6 763 170	194 610	6 957 780	-	-	6 957 780	6 237 649	-10.35%
Service Charges - Water Revenue		6 598 810	(273 910)	6 324 900	-	-	6 324 900	5 910 445	-6.55%
Service Charges - Sanitation Revenue		1 630 930	(615 930)	1 015 000	-	-	1 015 000	938 694	-7.52%
Service Charges - Refuse Revenue		763 160	-	763 160	-	-	763 160	779 592	2.15%
Service Charges - Other Revenue		47 500	1 000	48 500	-	-	48 500	-	-100.00%
Rental of Facilities and Equipment		1 082 500	(960 000)	122 500	-	-	122 500	175 014	42.87%
Interest Earned - External Investments		200 000	-	200 000	-	-	200 000	182 655	-8.67%
Interest Earned - Outstanding Debtors		648 000	-	648 000	-	-	648 000	857 968	32.40%
Dividends Received		-	-	-	-	-	-	-	-
Fines		30 000	-	30 000	-	-	30 000	2 800	-90.67%
Licences and Permits		35 550	-	35 550	-	-	35 550	22 461	-36.82%
Agency Services		135 000	-	135 000	-	-	135 000	163 672	21.24%
Transfers Recognised - Operational		23 216 180	1 373 460	24 589 640	-	-	24 589 640	19 696 494	-19.90%
Other Revenue		3 978 530	4 355 130	8 333 660	-	-	8 333 660	1 520 657	-81.75%
Gains on Disposal of PPE		-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>43.2.6</b>	<b>48 548 740</b>	<b>3 735 070</b>	<b>52 283 810</b>	<b>-</b>	<b>-</b>	<b>52 283 810</b>	<b>39 488 372</b>	<b>-24.47%</b>
<b>EXPENDITURE</b>									
Employee Related Costs		17 460 980	(1 539 660)	15 921 320	-	-	15 921 320	11 771 728	-26.06%
Remuneration of Councillors		1 858 090	-	1 858 090	-	-	1 858 090	1 723 225	-7.26%
Debt Impairment		2 550 000	50 000	2 600 000	-	-	2 600 000	7 336 829	182.19%
Depreciation and Asset Impairment		2 885 760	(622 300)	2 263 460	-	-	2 263 460	2 595 595	14.67%
Finance Charges		226 000	150 000	376 000	-	-	376 000	1 268 212	237.29%
Bulk Purchases		7 327 200	950 000	8 277 200	-	-	8 277 200	8 998 924	8.72%
Other Materials		1 633 490	237 310	1 870 800	-	-	1 870 800	1 016 637	-45.66%
Contracted Services		5 000	160 000	165 000	-	-	165 000	226 223	37.10%
Transfers and Grants		-	-	-	-	-	-	-	-
Other Expenditure		15 013 280	4 031 810	19 045 090	-	-	19 045 090	8 858 782	-53.49%
Loss on Disposal of PPE		25 000	-	25 000	-	-	25 000	(92 521)	-470.09%
<b>Total Expenditure</b>	<b>43.2.7</b>	<b>48 984 800</b>	<b>3 417 160</b>	<b>52 401 960</b>	<b>-</b>	<b>-</b>	<b>52 401 960</b>	<b>43 703 633</b>	<b>-16.60%</b>
<b>Surplus/(Deficit)</b>		<b>(436 060)</b>	<b>317 910</b>	<b>(118 150)</b>	<b>-</b>	<b>-</b>	<b>(118 150)</b>	<b>(4 215 261)</b>	<b>3467.72%</b>
Transfers Recognised - Capital		19 897 440	(845 540)	19 051 900	-	-	19 051 900	15 571 249	-18.27%
Contributions Recognised - Capital		-	-	-	-	-	-	-	-
Contributed Assets		-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>		<b>19 461 380</b>	<b>(527 630)</b>	<b>18 933 750</b>	<b>-</b>	<b>-</b>	<b>18 933 750</b>	<b>11 355 988</b>	<b>-40.02%</b>
Taxation		-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>		<b>19 461 380</b>	<b>(527 630)</b>	<b>18 933 750</b>	<b>-</b>	<b>-</b>	<b>18 933 750</b>	<b>11 355 988</b>	<b>-40.02%</b>
Attributable to Minorities		-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>		<b>19 461 380</b>	<b>(527 630)</b>	<b>18 933 750</b>	<b>-</b>	<b>-</b>	<b>18 933 750</b>	<b>11 355 988</b>	<b>-40.02%</b>
Share of Surplus/(Deficit) of Associate		-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>19 461 380</b>	<b>(527 630)</b>	<b>18 933 750</b>	<b>-</b>	<b>-</b>	<b>18 933 750</b>	<b>11 355 988</b>	<b>-40.02%</b>

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KHAI-MA MUNICIPALITY									
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS									
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015									
	Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
			(i.t.o. s28 and s31 of the MFMA)		(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)		2015	
		R	R	R	R	R	R	R	%
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other		20 012 373	1 831 870	21 844 243	-	-	21 844 243	11 752 194	-46.20%
Government - Operating		17 482 000	1 373 460	18 855 460	-	-	18 855 460	17 787 236	-5.67%
Government - Capital		16 354 440	(315 800)	16 038 640	-	-	16 038 640	12 168 888	-24.13%
Interest		200 000	-	200 000	-	-	200 000	182 655	-8.67%
Dividends		-	-	-	-	-	-	-	
<b>Payments</b>									
Suppliers and Employees		(34 192 598)	(2 623 990)	(36 816 589)	-	-	(36 816 589)	(30 717 780)	-16.57%
Finance Charges		(226 000)	150 000	(76 000)	-	-	(76 000)	(563 119)	640.95%
Transfers and Grants		-	-	-	-	-	-	-	
<b>Net Cash from/(used) Operating Activities</b>	<b>43.2.8</b>	<b>19 630 214</b>	<b>415 540</b>	<b>20 045 754</b>	<b>-</b>	<b>-</b>	<b>20 045 754</b>	<b>10 610 073</b>	<b>-47.07%</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE		-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Debtors		-	-	-	-	-	-	-	
Decrease/(Increase) in Other Non-Current Receivables		-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Investments		-	-	-	-	-	-	-	
<b>Payments</b>									
Capital Assets		(19 987 440)	(415 540)	(20 402 980)	-	-	(20 402 980)	(17 625 642)	-13.61%
<b>Net Cash from/(used) Investing Activities</b>	<b>43.2.9</b>	<b>(19 987 440)</b>	<b>(415 540)</b>	<b>(20 402 980)</b>	<b>-</b>	<b>-</b>	<b>(20 402 980)</b>	<b>(17 625 642)</b>	<b>-13.61%</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short Term Loans		-	-	-	-	-	-	-	
Borrowing long term/refinancing		-	-	-	-	-	-	-	
Increase/(Decrease) in Consumer Deposits		4 373	-	4 373	-	-	4 373	9 176	109.83%
<b>Payments</b>									
Repayment of Borrowing		(234 431)	-	(234 431)	-	-	(234 431)	(23 450)	-90.00%
<b>Net Cash from/(used) Financing Activities</b>	<b>43.2.10</b>	<b>(230 058)</b>	<b>-</b>	<b>(230 058)</b>	<b>-</b>	<b>-</b>	<b>(230 058)</b>	<b>(14 274)</b>	<b>-93.80%</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(587 284)</b>	<b>(0)</b>	<b>(587 284)</b>	<b>-</b>	<b>-</b>	<b>(587 284)</b>	<b>(7 029 843)</b>	<b>1097.01%</b>
Cash and Cash Equivalents at the year begin:		2 887 283	(527 630)	2 359 653	-	-	2 359 653	7 820 213	231.41%
Cash and Cash Equivalents at the year end:		2 300 000	(527 630)	1 772 370	-	-	1 772 370	790 370	-55.41%

## **1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

### **1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

### **1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

### **1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

### **1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### **1.5. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

### **1.6. MATERIALITY**

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Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

## 1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

## 1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
<b>GRAP 18</b> (Original – Feb 2011)	<p><b><u>Segment Reporting</u></b></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendixes to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
<b>GRAP 20</b> (Original – Jun 2011)	<p><b><u>Related Party Disclosure</u></b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
<b>GRAP 32</b> (Original – Aug 2013)	<p><b><u>Service Concession Arrangements: Grantor</u></b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public</p>	Unknown

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	<p>entity.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	
<b>GRAP 105</b> <b>(Original – Nov 2010)</b>	<p><b><u>Transfer of Functions Between Entities Under Common Control</u></b></p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
<b>GRAP 106</b> <b>(Original – Nov 2010)</b>	<p><b><u>Transfer of Functions Between Entities Not Under Common Control</u></b></p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
<b>GRAP 107</b> <b>(Original – Nov 2010)</b>	<p><b><u>Mergers</u></b></p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
<b>GRAP 108</b> <b>(Original – Sept 2013)</b>	<p><b><u>Statutory Receivables</u></b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	Unknown
<b>GRAP 109</b>	<p><b><u>Accounting by Principles and Agents</u></b></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
<b>IGRAP 11</b>	<p><b><u>Consolidation - Special Purpose Entities (SPE)</u></b></p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	1 April 2015

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IGRAP 12	<p><b><u>Jointly Controlled Entities non-monetary contributions</u></b></p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	1 April 2015
IGRAP 17	<p><b><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></b></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
Directive 11	<p><b><u>Changes in Measurement Bases following Initial Adoption of Standards of GRAP</u></b></p> <p>This Directive can be applied when a Municipality elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP.</p> <p>No significant impact is expected as the Municipality has no intention of changing its measurement bases.</p>	1 April 2015

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## 1.9. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

## 1.10. RESERVES

### 1.10.1. Revaluation Reserve

The accounting for the Revaluation Reserve must be performed in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation



decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation reserve is realized as revaluated assets are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

## **1.11. LEASES**

### **1.11.1. Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the

present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### **1.11.2. Municipality as Lessor**



Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

## **1.12. BORROWING COST**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

## **1.13. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

## **1.14. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it

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will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

## 1.15. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

## 1.16. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The

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present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

## 1.17. EMPLOYEE BENEFITS

### **(a) Pension and Retirement Fund Obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

### **(b) Post-Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is

actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

## **(c) Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

## **(d) Staff Bonuses**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

## **(e) Other Short-term Employee Benefits**

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

## 1.18. PROPERTY, PLANT AND EQUIPMENT

### 1.18.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### 1.18.2. Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

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An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

## **1.18.3. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, all other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

## **1.18.4. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

<b><u>Land and Buildings</u></b>	<b><u>Years</u></b>
Land	30-32
Buildings	10-50
<b><u>Infrastructure</u></b>	
Roads and Streets	7-50
Electricity Mains	12-50
Water Mains and Purification	7-60
Sewerage Mains & Purification	15-60
Security measures	14-20
<b><u>Community</u></b>	
Recreation Grounds	15-32
Fire, Safety and Emergency	5-10
Libraries	30-35
Clinics and Hospitals	10-49

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## **Finance lease assets**

Office equipment	5
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## **Other**

Motor Vehicles	5-15
Office equipment	3-10
Furniture and fittings	15-32
Bins and containers	7
Plant and Equipment	15-20
Landfill sites	7
Emergency equipment	7
Computer equipment	5-7

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

### **1.18.5. De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.18.6. Land and Buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

## **1.19. INTANGIBLE ASSETS**

### **1.19.1. Initial Recognition**



An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

## **1.19.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

## **1.19.3. Amortisation and Impairment**



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Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<b><u>Intangible Assets</u></b>	<b>Years</b>
Computer Software	3-12

## **1.19.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **1.19.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

## **1.20. INVESTMENT PROPERTY**

### **1.20.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

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At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

## **1.20.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

## **1.20.3. Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<b><u>Investment Property</u></b>	<b><u>Years</u></b>
Buildings	10-50

## **1.20.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **1.20.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008.

## 1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

### 1.21.1. *Cash generating assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an

individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

## **1.21.2. Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

### **(a) External sources of information**

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

## (b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the

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asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## **1.22. NON CURRENT INVESTMENTS**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

## **1.23. INVENTORIES**

### **1.23.1. Initial Recognition**



Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### **1.23.2. Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings.

Cost of land held for sale is assigned by using specific identification of their individual costs.

### **1.24. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

## **1.24.1. Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

## **1.24.2. Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

### **1.24.2.1. Receivables**

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or



decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

- 1.24.2.2.** The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. ***Payables and Annuity Loans***

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

- 1.24.2.3. *Cash and Cash Equivalents***

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

- 1.24.2.4. *Non-Current Investments***

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

- 1.24.3. *De-recognition***

- 1.24.3.1. *Financial Assets***

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **1.24.3.2. *Financial Liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### **1.24.4. *Offsetting of Financial Instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **1.25. STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

### **1.25.1. Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

### **1.25.2. Subsequent Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

### **1.25.3. Derecognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;

- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
  - i. derecognise the receivable; and
  - ii. recognise separately any rights and obligations created or retained in the transfer.

## 1.26. REVENUE

### 1.26.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality

has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

## **1.26.2. Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;

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- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably; It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.



Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

- Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or

commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

## **1.27. TRANSFER OF FUNCTIONS (Municipality as acquirer)**

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

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A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

## 1.28. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,



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- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;

- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

## **1.29. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **1.30. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes

unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **1.31. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **1.32. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

## **1.33. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

### ***Post-retirement medical obligations***

The cost of post-retirement medical obligations is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 5 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

## ***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

## ***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

# APPENDICES

## ***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding,

service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

## ***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

## ***Provisions and Contingent Liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

## ***Provision for Landfill Sites***

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash

flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

### ***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

### ***Pre-paid electricity estimation***

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

### ***Componentisation of Infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

### ***Revenue Recognition***

Accounting Policy 1.26.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.26.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

## **1.34. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

## **1.35. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

## **1.36. EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.



# APPENDICES

## Notes on the Financial Statements for the year ended 30 June 2015

		2015 R	2014 R			
2.	NET ASSET RESERVES					
	RESERVES	29 986 058	30 211 557			
	Housing Development Fund	16 155	16 155			
	Revaluation Reserve	29 969 903	30 195 402			
	Total Net Asset Reserve and Liabilities	29 986 058	30 211 557			
2.1	The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.					
2.2	The Revaluation Reserve is created by surplus arising from the revaluation of property, plant and equipment.					
3.	LONG TERM LIABILITIES					
	Capitalised Lease Liability - At amortised cost	10 544	33 993			
	Less: Current Portion transferred to Current Liabilities	10 544	33 993			
		(10 544)	(23 450)			
	Capitalised Lease Liability - At amortised cost	(10 544)	(23 450)			
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	-	10 544			
		2015 R	2014 R			
3.1	The obligations under finance leases are scheduled below:		Minimum payments			
	Amounts payable under finance leases:					
	Payable within one year	10 830	25 992			
	Payable within two to five years	-	10 830			
	Payable after five years	-	-			
		10 830	36 822			
	Less: Future finance obligations	(286)	(2 829)			
	Present value of finance lease obligations	10 544	33 993			
	The capitalised lease liability consist out of the following contracts:					
	Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
	Nashua	MP 2851 Copier	10.72%	0%	5 Years	30/11/2016
	Nashua	MP 2000 Copier	11.02%	0%	5 Years	30/11/2016
	Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.					
	Leases are secured by property, plant and equipment - Note 12					
4.	NON-CURRENT PROVISIONS					
	Provision for Rehabilitation of Landfill-sites	3 341 830	3 204 897			
	Correction of Error - Note 37.1	-	(976 072)			
	Total Non-current Provisions	3 341 830	2 228 825			



# APPENDICES

						2015	2014
						R	R
4.1	<b>Landfill Sites</b>						
Balance 1 July						2 228 825	2 057 127
Contribution for the year						260 548	171 697
Change in Provision for Rehabilitation Cost						852 457	-
<b>Total provision 30 June</b>						<b>3 341 830</b>	<b>2 228 825</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions						-	-
<b>Balance 30 June</b>						<b>3 341 830</b>	<b>2 228 825</b>
The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows							
							<b>Sending/ Viljoensdraai</b>
						<b>Pofadder</b>	<b>Pella</b>
						<b>Witbank</b>	<b>Melkbosrand</b>
Area (m²)						33 285	4 800
Rehabilitation volume (m³)						43 680	7 050
Fence (m)						-	440
Cost of fence (Rand)						-	255 200
Site Clearance (Rand)						-	423 000
Excavation cost (Rand)						-	423 000
Capping (Rand)						931 980	134 400
Environmental impact assessment (Rand)						90 000	180 000
Application for permits						17 500	35 000
Preliminary and general (Rand)						-	217 590
Fees and expenses (Rand)						-	174 383
The municipality has an obligation to rehabilitate landfill sites at the end of the expected usefull life of the asset. Total cost and estimated date of decommission of the sites are as follows:							
						2015	2014
						R	R
<b>Location</b>							
						<b>Estimated decommission date</b>	
Pofadder						2015	1 039 480
Pella						2034	5 552 682
Witbank						2034	1 691 245
Melkbosrand						2034	2 961 426
Sending/ Viljoensdraai						2034	1 313 207
						<b>12 558 040</b>	<b>8 713 297</b>
5.	<b>NON-CURRENT EMPLOYEE BENEFITS</b>						
Provision for Post Retirement Health Care Benefits						4 411 721	4 502 945
Provision for Long Service Awards						424 036	-
Correction of Error - Note 37.2						-	392 439
<b>Total Non-current Employee Benefits</b>						<b>4 835 757</b>	<b>4 895 384</b>
<b><u>Post Retirement Health Care Benefits</u></b>							
Balance 1 July						4 612 385	3 974 524
Contribution for the year						653 374	546 848
Expenditure for the year						(109 440)	(105 029)
Actuarial Loss/(Gain)						(627 514)	196 042
<b>Total provision 30 June</b>						<b>4 528 805</b>	<b>4 612 385</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7						(117 084)	(109 440)
<b>Balance 30 June</b>						<b>4 411 721</b>	<b>4 502 945</b>

# APPENDICES

	2015 R	2014 R
<b><u>Long Service Awards</u></b>		
Balance 1 July	422 543	321 491
Contribution for the year	88 007	76 636
Expenditure for the year	(30 104)	(10 311)
Actuarial Loss/(Gain)	(24 737)	34 727
<b>Total provision 30 June</b>	<b>455 709</b>	<b>422 543</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7	(31 673)	(30 104)
<b>Balance 30 June</b>	<b>424 036</b>	<b>392 439</b>
<b>5.1 Provision for Post Retirement Health Care Benefits</b>		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	11	13
In-service (employee) non-members	44	47
Continuation members (e.g. Retirees, widows, orphans)	4	4
<b>Total Members</b>	<b>59</b>	<b>64</b>
The liability in respect of past service has been estimated to be as follows:		
In-service members	3 047 282	3 163 252
Continuation members	1 481 523	1 449 133
<b>Total Liability</b>	<b>4 528 805</b>	<b>4 612 385</b>
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2013 R	2012 R
In-service members	2 492 220	1 852 962
Continuation members	1 481 619	1 940 360
<b>Total Liability</b>	<b>3 973 839</b>	<b>3 793 322</b>
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
LA Health		
Key Health		
The Current-service Cost for the ensuing year is estimated to be R241 349, whereas the Interest Cost for the next year is estimated to be R412 025.		
	2015 %	2014 %
Key actuarial assumptions used:		
<b>i) Rate of interest</b>		
Discount rate (based on market yields on government bonds)	9.00%	9.04%
Health Care Cost Inflation Rate	8.13%	8.19%
Net Effective Discount Rate	0.80%	0.78%
<b>ii) Mortality rates</b>		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
<b>iii) Normal retirement age</b>		
It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.		

# APPENDICES

iv) Expected rate of salary increases							
2015/2016 - 7%							
2016/2017 - CPI + 1%							
				2015	2014		
				R	R		
The amounts recognised in the Statement of Financial Position are as follows:							
Present value of fund obligations				4 528 805	4 612 385		
Fair value of plan assets				-	-		
				4 528 805	4 612 385		
Unrecognised past service cost				-	-		
Unrecognised actuarial gains/(losses)				-	-		
Present Value of unfunded obligations				-	-		
Net liability/(asset)				4 528 805	4 612 385		
Reconciliation of present value of fund obligation:							
Present value of fund obligation at the beginning of the year				4 612 385	3 974 524		
Total expenses				543 934	441 819		
Current service cost				241 349	194 895		
Interest Cost				412 025	351 953		
Benefits Paid				(109 440)	(105 029)		
Actuarial (gains)/losses				(627 514)	196 042		
Present value of fund obligation at the end of the year				4 528 805	4 612 385		
Reconciliation of fair value of plan assets:							
Fair value of plan assets at the beginning of the year				-	-		
Expected return on plan assets				-	-		
Contributions: Employer				-	-		
Contributions: Employee				-	-		
Past Service Costs				-	-		
Actuarial (gains)/losses				-	-		
Benefits Paid				-	-		
Fair value of plan assets at the end of the year				-	-		
Sensitivity Analysis on the Accrued Liability							
			In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change	
Assumption							
Central Assumptions			3.047	1.482	4.529		
The effect of movements in the assumptions are as follows:							
			In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change	
Assumption							
Health care inflation			1%	3.624	1.633	5.256	16%
Health care inflation			-1%	2.585	1.351	3.936	-13%
Post-retirement mortality			-1 year	3.154	1.544	4.698	4%
Average retirement age			-1 year	3.274	1.482	4.756	5%
Withdrawal Rate			-50%	2.508	1.482	3.989	-12%
Sensitivity Analysis on Current Service Cost and Interest Cost for the year ending 30 June 2016							

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Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	296 800	467 700	764 500	19%
Health care inflation	-1%	198 100	348 900	547 000	-15%
Post-retirement mortality	-1 year	249 700	417 500	667 200	4%
Average retirement age	-1 year	244 300	422 600	666 900	4%
Withdrawal Rate	-50%	179 100	353 700	532 800	-17%
				<b>2015 Rm</b>	<b>2014 Rm</b>
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss				(0.628)	(0.046)
Assets: Gain / (loss)				-	-
The adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:					
			<b>2013 Rm</b>	<b>2012 Rm</b>	<b>2011 Rm</b>
Liabilities: (Gain) / loss			0.014	0.253	0.386
Assets: Gain / (loss)			-	-	-
<b>5.2 Provision for Long Service Bonuses</b>					
The Long Service Bonus plans are defined benefit plans. As at year end, 54 employees were eligible for Long Service Bonuses.					
The Current-service Cost for the ensuing year is estimated to be R60 788 whereas the Interest Cost for the next year is estimated to be R35 380.					
Key actuarial assumptions used:				<b>2015 %</b>	<b>2014 %</b>
<b>i) Rate of interest</b>					
Discount rate				8.04%	8.11%
General Salary Inflation (long-term)				7.08%	7.19%
Net Effective Discount Rate applied to salary-related Long Service Bonuses				0.90%	0.85%
				<b>2015 R</b>	<b>2014 R</b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>					
Present value of fund obligations				455 709	422 543
Fair value of plan assets				-	-
				455 709	422 543
Unrecognised past service cost				-	-
Unrecognised actuarial gains/(losses)				-	-
Present value of unfunded obligations				-	-
<b>Net liability/(asset)</b>				<b>455 709</b>	<b>422 543</b>
<b>Reconciliation of present value of fund obligation:</b>					
Present value of fund obligation at the beginning of the year				422 543	321 491
Total expenses				57 903	66 325
Current service cost				55 488	52 507
Interest Cost				32 519	24 129
Benefits Paid				(30 104)	(10 311)
Actuarial (gains)/losses				(24 737)	34 727
Present value of fund obligation at the end of the year				<b>455 709</b>	<b>422 543</b>

# APPENDICES

						2015 R	2014 R
<b>Reconciliation of fair value of plan assets:</b>							
Fair value of plan assets at the beginning of the year						-	-
Expected return on plan assets						-	-
Contribution: Employer						-	-
Contribution: Employee						-	-
Past service costs						-	-
Actuarial (gains)/losses						-	-
Benefits paid						-	-
Fair value of plan assets at the end of the year						-	-
<b>Sensitivity Analysis on the Unfunded Accrued Liability</b>							
					<b>Change</b>	<b>Liability (Rm)</b>	<b>% change</b>
<b>Assumption</b>							
Central assumptions						0.456	
General salary inflation						1% 0.486	7%
General salary inflation						-1% 0.428	-6%
Average retirement age						-2 yrs 0.418	-8%
Average retirement age						2 yrs 0.489	7%
Withdrawal rates						-50% 0.563	23%
						<b>2015 R</b>	<b>2014 R</b>
Experience adjustments were calculated as follows:							
Liabilities: (Gain) / loss						(24 737)	34 727
Assets: Gain / (loss)						-	-
The municipality performed their first actuarial valuation on 30 June 2015. Thus there are no experience adjustment figures available on or before 30 June 2013 to fully comply with GRAP 25.							
5.3	<b>Retirement funds</b>						
The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.							
As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.							
Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.							
<b><u>CAPE JOINT PENSION FUND</u></b>							
The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund has a funding level of 101,7% (30 June 2013 - 99,2%).							
Contributions paid recognised in the Statement of Financial Performance						213 157	173 065

# APPENDICES

		2015 R	2014 R
<b><u>DEFINED CONTRIBUTION FUNDS</u></b>			
Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.			
Contributions paid recognised in the Statement of Financial Performance			
	National fund for Municipal Workers	22 969	43 018
	SAMWU National Provident Fund	264 561	274 701
		<b>287 530</b>	<b>317 719</b>
<b>6.</b>	<b>CONSUMER DEPOSITS</b>		
	Water and Electricity	86 586	77 410
	<b>Total Consumer Deposits</b>	<b>86 586</b>	<b>77 410</b>
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.			
Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.			
<b>7.</b>	<b>CURRENT EMPLOYEE BENEFITS</b>		
	Staff Bonuses	246 205	255 200
	Staff Leave	940 723	855 239
	Current Portion of Non-Current Employee Benefits	148 757	139 544
	Current Portion of Post Retirement Benefits - Note 5	117 084	109 440
	Current Portion of Long-Service Provisions - Note 5	31 673	30 104
	<b>Total Provisions</b>	<b>1 335 685</b>	<b>1 249 984</b>
The movement in current provisions are reconciled as follows:			
<b>7.1</b>	<b><u>Staff Bonuses</u></b>		
	Balance at beginning of year	255 200	240 264
	Contribution to current portion	541 815	512 083
	Expenditure incurred	(550 810)	(497 146)
	<b>Balance at end of year</b>	<b>246 205</b>	<b>255 200</b>
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.			
<b>7.2</b>	<b><u>Staff Leave</u></b>		
	Balance at beginning of year	855 239	752 568
	Contribution to current portion	172 476	139 322
	Expenditure incurred	(86 992)	(36 651)
	<b>Balance at end of year</b>	<b>940 723</b>	<b>855 239</b>
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.			

# APPENDICES

		2015 R	2014 R
<b>8.</b>	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	Payments received in advance	91 099	100 465
	Retentions	924 857	886 349
	Other Creditors	11 504 877	7 386 747
	Correction of Error - Note 37.3	-	1 285 271
	<b>Total Trade Payables</b>	<b>12 520 833</b>	<b>9 658 833</b>
	Payables are being recognised net of any discounts.		
	The carrying value of trade and other payables approximates its fair value.		
	All payables are unsecured.		
<b>9.</b>	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
	Unspent Grants	4 008 038	9 319 657
	National Government Grants	3 739 667	9 051 416
	Provincial Government Grants	85 116	1 352 221
	District Municipality	94 234	94 234
	Other Sources	89 021	63 785
	Correction of Error - Note 37.3		(1 241 998)
	<b>Less:</b> Unpaid Conditional Government Grants and Receipts	-	-
	National Government Grants	-	(220 822)
	Correction of Error - Note 37.6	-	415 190
	Provincial Government Grants	-	(194 368)
	<b>Total Conditional Grants and Receipts</b>	<b>4 008 038</b>	<b>9 319 657</b>
	See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
	Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
<b>10.</b>	<b>TAXES</b>		
<b>10.1</b>	VAT Payable	(8 896)	(5 673)
	VAT output in suspense	(2 967 391)	(2 286 763)
	<b>Less:</b> Contribution to provision for impairment of trade receivables from exchange transactions	3 320 872	2 455 522
	<b>Total VAT Payable</b>	<b>344 585</b>	<b>163 086</b>
<b>10.2</b>	VAT Receivable	793 314	450 488
	VAT input in suspense	1 073 293	757 921
	<b>Total VAT Receivable</b>	<b>1 866 607</b>	<b>1 208 409</b>
<b>10.3</b>	<b>Total Net VAT Receivable/(Payable)</b>	<b>2 211 192</b>	<b>1 371 495</b>
	VAT is receivable/payable on the cash basis.		
<b>11.</b>	<b>SHORT-TERM LOANS</b>		
	The Municipality has no short term loans.		

# APPENDICES

12.	PROPERTY, PLANT AND EQUIPMENT																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
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12.2 30 JUNE 2014																
	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying Value	
	Opening Balance	Transfers	Correction of Error	Revaluation	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Transfers	Correction of Error	Revaluation	Depreciation	Disposals/ Impairment		Closing Balance
Infrastructure																
Roads, Pavements & Bridges	3 401 361	-	-	-	-	1 278 045	-	4 679 405	1 134 136	-	-	-	129 087	-	1 263 224	3 416 182
Electricity Transmission & Reticulation	4 339 524	-	1 867 085	-	570 201	696 608	-	7 473 417	1 313 430	-	224 050	-	91 012	-	1 628 492	5 844 925
Water Reticulation	20 570 681	-	2 153	-	-	1 224 435	-	21 797 268	5 734 166	-	215	-	397 417	-	6 131 798	15 665 470
Sewerage Reticulation	3 673 290	-	-	-	-	2 951 092	(20 263)	6 604 119	939 566	-	-	-	71 817	(5 627)	1 005 755	5 598 363
Landfill Sites	2 903 379	-	-	-	-	-	-	2 903 379	2 056 193	-	-	-	14 163	549 772	2 620 128	283 251
Other	618 788	-	-	-	-	-	-	618 788	43 587	-	-	-	31 317	-	74 904	543 884
	35 507 021	-	1 869 237	-	570 201	6 150 179	(20 263)	44 076 376	11 221 079	-	224 265	-	734 812	544 145	12 724 301	31 352 075
Community Assets																
Libraries	85 306	70 554	-	-	-	175 034	-	330 894	-	-	-	-	-	-	-	330 894
Recreational Facilities	6 337 635	130 000	-	550 000	-	-	(3 208 489)	3 809 146	984 566	-	-	-	162 620	-	1 147 186	2 661 959
Fire, Safety & Emergency	59 222	-	-	-	-	-	(21 342)	37 880	29 289	-	-	-	8 796	(8 892)	29 193	8 688
Clinics	976 546	8 899 043	-	-	-	-	-	9 875 588	217 410	-	-	-	355 283	-	572 693	9 302 895
	7 458 708	9 099 597	-	550 000	-	175 034	(3 229 831)	14 053 509	1 231 265	-	-	-	526 699	(8 892)	1 749 072	12 304 437
Other Assets																
General Vehicles	2 896 568	-	-	-	-	-	(1 929)	2 896 639	1 617 414	-	-	-	227 253	(1 929)	1 842 738	1 053 900
Plant & Equipment	1 203 954	-	-	-	18 764	-	(91 819)	1 130 898	390 165	-	-	-	113 535	(91 516)	412 184	718 715
Computers - Hardware/Equipment	499 347	-	-	-	178 120	-	(22 242)	655 225	158 599	-	-	-	83 800	(12 531)	229 868	425 357
Furniture and Other Office Equipment	894 337	-	(3 377)	-	64 704	-	(85 064)	870 599	319 258	-	-	-	66 174	(81 107)	304 326	566 274
Other Buildings	6 871 961	(6 357 918)	-	-	-	-	(24 014)	490 028	225 828	(2 787)	-	-	25 117	-	248 157	241 871
Other Land	27 528 339	(2 725 878)	-	26 488 543	-	3 147 047	(7 924 132)	46 513 920	-	-	-	-	-	-	-	46 513 920
Other	4 620	-	-	-	-	-	-	4 620	103	-	-	-	308	-	411	4 209
Leases	99 990	-	-	-	-	-	-	99 990	51 662	-	-	-	19 998	-	71 660	28 330
	40 001 115	(9 083 796)	(3 377)	26 488 543	261 588	3 147 047	(8 149 202)	52 661 919	2 783 028	(2 787)	-	-	536 186	(187 083)	3 109 343	49 552 576
Total	82 966 844	15 801	1 865 861	27 038 543	831 790	9 472 260	(11 399 295)	110 791 804	15 215 371	(2 787)	224 265	-	1 797 697	348 169	17 582 716	93 208 088
The movements in cost and accumulated depreciation for 30 June 2014 have been restated, to ensure that the movements agrees with transactions in the asset register.																



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		2015 R	2014 R
<b>12.3</b>	<b>Assets pledged as security:</b>		
	Leased Property, Plant and Equipment of R8 332 (2014: R28 330) is secured for leases as set out in Note 3.		
<b>12.4</b>	<b>Details of Valuation</b>		
	Land and Buildings were revalued on 1 July 2013 by an independent valuer, DDP Valuations. Fair values were determined by reference to observable prices in the active market or recent market transactions on arm's length transactions. Land and Buildings are revalued every 5 years.		
	The book value of Property, Plant and Equipment would have been R80 771 296 (2014: R66 127 281), if no revaluation took place.		
	Reconciliation of revaluation surplus:		
	Opening balance	30 195 402	3 798 735
	Movement for the period	(225 499)	26 396 667
	Closing balance	<u>29 969 903</u>	<u>30 195 402</u>
<b>13.</b>	<b>INVESTMENT PROPERTY</b>		
	<b>Net Carrying amount at 1 July</b>	<b>306 230</b>	<b>146 138</b>
	Cost	319 145	160 405
	Accumulated Depreciation	(12 915)	(14 267)
	Transfer from/(to) Property, Plant and Equipment	-	(13 013)
	Cost	-	(15 800)
	Accumulated Depreciation	-	2 787
	Transfer from/(to) Inventory - Note 15	1 194 350	-
	Cost	1 194 350	-
	Accumulated Depreciation	-	-
	Acquisitions	-	174 540
	Depreciation for the year	(5 692)	(1 435)
	<b>Net Carrying amount at 30 June</b>	<b>1 494 888</b>	<b>306 230</b>
	Cost	1 513 495	319 145
	Accumulated Depreciation	(18 607)	(12 915)
	Accumulated Impairment Loss	-	-
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
<b>14.</b>	<b>INTANGIBLE ASSETS</b>		
	<b>Net Carrying amount at 1 July</b>	<b>225 327</b>	<b>274 092</b>
	Cost	492 194	476 108
	Accumulated Amortisation	(266 867)	(202 016)
	Accumulated Impairment Loss	-	-
	Acquisitions	6 240	22 920
	Amortisation	(71 898)	(68 776)
	Disposals	-	(6 834)
	Amortisation written back on disposal	-	3 925
	<b>Net Carrying amount at 30 June</b>	<b>159 669</b>	<b>225 327</b>
	Cost	498 434	492 194
	Accumulated Amortisation	(338 765)	(266 867)
	Accumulated Impairment Loss	-	-

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No intangible asset were assed having an indefinite useful life.			
There are no internally generated intangible assets at reporting date.			
There are no intangible assets whose title is restricted.			
There age no intangible assets pledged as security for liabilities.			
There are no contractual commitments for the acquisition of intangible assets.			
		<b>2015</b>	<b>2014</b>
		<b>R</b>	<b>R</b>
<b>15. INVENTORY</b>			
Housing - Inventory held for transfer		-	1 195 250
Materials - Pipes		194 606	194 606
Consumable Stores		349 875	198 065
Water - At purification cost		28 066	26 128
<b>Total Inventory</b>		<b>572 546</b>	<b>1 614 049</b>
The municipality recognised only purification costs in respect of non-purchased purified water inventory.			
Materials written down due to losses as identified during the annual stores counts:			
Materials - Housing Project		900	-
		<b>900</b>	<b>-</b>
No inventory assets were pledged as security for liabilities.			
<b>16. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>			
Electricity		1 349 641	1 045 385
Water		21 937 894	18 955 985
Refuse		2 770 368	2 289 560
Sewerage		2 991 120	2 488 168
Recognition - Water debt		357 599	267 140
Recognition - Electricity debt		116 367	158 853
Recognition - Sewerage debt		4 301	3 315
Other Arrears		490 869	448 400
<b>Total: Receivables from exchange transactions (before provision)</b>		<b>30 018 159</b>	<b>25 656 805</b>
<b>Less:</b> Provision for Debt Impairment		(28 279 281)	(23 502 685)
<b>Total: Receivables from exchange transactions (after provision)</b>		<b>1 738 878</b>	<b>2 154 120</b>
Consumer debtors are are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.			
<b><u>(Electricity): Ageing</u></b>			
Current (0 - 30 days)		266 545	334 011
31 - 60 Days		97 307	82 599
61 - 90 Days		82 566	78 750
+ 90 Days		903 223	550 025
<b>Total</b>		<b>1 349 641</b>	<b>1 045 385</b>
<b><u>(Water): Ageing</u></b>			
Current (0 - 30 days)		623 053	530 519
31 - 60 Days		463 622	520 348
61 - 90 Days		502 794	429 626
+ 90 Days		20 348 425	17 475 493
<b>Total</b>		<b>21 937 894</b>	<b>18 955 985</b>

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					2015 R	2014 R
<b><u>(Refuse): Ageing</u></b>						
Current (0 - 30 days)					78 528	63 229
31 - 60 Days					57 394	45 082
61 - 90 Days					53 903	42 799
+ 90 Days					2 580 542	2 138 450
<b>Total</b>					<b>2 770 368</b>	<b>2 289 560</b>
<b><u>(Sewerage): Ageing</u></b>						
Current (0 - 30 days)					96 498	82 912
31 - 60 Days					67 959	56 450
61 - 90 Days					62 029	53 569
+ 90 Days					2 764 634	2 295 236
<b>Total</b>					<b>2 991 120</b>	<b>2 488 168</b>
<b><u>Summary of Debtors by Customer Classification</u></b>						
	<b><u>Residential</u></b>	<b><u>Industrial/ Commercial</u></b>	<b><u>National and Provincial Government</u></b>	<b><u>Total</u></b>		
<b>30 June 2015</b>						
Current (0 - 30 days)	1 935 924	155 709	24 836	2 116 470		
31 - 60 Days	614 230	55 602	12 738	682 570		
61 - 90 Days	643 159	41 800	11 798	696 757		
+ 90 Days	25 988 646	468 849	64 867	26 522 363		
Sub-total	29 181 960	721 960	114 239	30 018 159		
<b>Less:</b> Provision for Debt Impairment						(28 279 281)
<b>Total debtors by customer classification</b>						<b>1 738 878</b>
<b><u>Summary of Debtors by Customer Classification</u></b>						
	<b><u>Residential</u></b>	<b><u>Industrial/ Commercial</u></b>	<b><u>National and Provincial Government</u></b>	<b><u>Total</u></b>		
<b>30 June 2014</b>						
Current (0 - 30 days)	1 461 993	242 018	26 981	1 730 992		
31 - 60 Days	638 584	61 658	10 982	711 223		
61 - 90 Days	533 746	68 366	7 053	609 165		
+ 90 Days	22 147 405	388 327	69 693	22 605 425		
Sub-total	24 781 728	760 369	114 709	25 656 805		
<b>Less:</b> Provision for Debt Impairment						(23 502 685)
<b>Total debtors by customer classification</b>						<b>2 154 120</b>
<b><u>Reconciliation of Provision for Debt Impairment</u></b>						
					2015 R	2014 R
Balance at beginning of year					23 502 685	13 871 490
Contribution to provision					6 181 068	8 699 300
VAT on provision					865 350	937 183
Bad Debts written off against provision					(2 269 822)	(5 287)
Reversal of provision					-	-
Balance at end of year					<b>28 279 281</b>	<b>23 502 685</b>
The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.						

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Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.						
					<b>2015</b>	<b>2014</b>
					<b>R</b>	<b>R</b>
<b>17. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>						
Taxes - Rates					2 684 135	2 193 773
Other Receivables					1 778 160	561 092
Irregular, Fruitless and Wasteful Expenditure - Receivables					-	32 917
Suspense Accounts					81 186	130 741
Correction of Error - Note 37.6					-	186 004
					4 543 481	3 104 529
<b>Less:</b> Provision for Debt Impairment					(2 594 703)	(1 438 942)
<b>Total Receivables from non-exchange transactions</b>					<b>1 948 777</b>	<b>1 665 586</b>
The fair value of other receivables approximate their carrying value.						
Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.						
<b>(Rates): Ageing</b>						
Current (0 - 30 days)					71 117	115 051
31 - 60 Days					32 415	30 981
61 - 90 Days					40 516	29 071
+ 90 Days					2 540 086	2 018 670
<b>Total</b>					<b>2 684 135</b>	<b>2 193 773</b>
<b>Summary of Debtors (Rates) by Customer Classification</b>						
	<b>Residential</b>	<b>Industrial/ Commercial</b>	<b>National and Provincial Government</b>	<b>Total</b>		
<b>30 June 2015</b>						
Current (0 - 30 days)	61 547	9 526	44	71 117		
31 - 60 Days	29 416	2 955	44	32 415		
61 - 90 Days	37 540	2 932	44	40 516		
+ 90 Days	2 449 142	83 481	7 464	2 540 086		
Sub-total	2 577 645	98 893	7 596	2 684 135		
<b>Less:</b> Provision for Debt Impairment						(2 594 703)
<b>Total debtors by customer classification</b>						<b>89 431</b>
<b>Summary of Debtors (Rates) by Customer Classification</b>						
	<b>Residential</b>	<b>Industrial/ Commercial</b>	<b>National and Provincial Government</b>	<b>Total</b>		
<b>30 June 2014</b>						
Current (0 - 30 days)	103 570	11 449	32	115 051		
31 - 60 Days	25 901	5 045	35	30 981		
61 - 90 Days	24 618	4 418	35	29 071		
+ 90 Days	1 989 209	25 182	4 279	2 018 670		
Sub-total	2 143 298	46 093	4 382	2 193 773		
<b>Less:</b> Provision for Debt Impairment						(1 438 942)
<b>Total debtors by customer classification</b>						<b>754 831</b>

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	2015 R	2014 R
<b>Reconciliation of Provision for Debt Impairment</b>		
Balance at beginning of year	1 438 942	1 289 313
Contribution to provision	1 155 761	234 311
Bad Debts written off against provision	-	(3 339)
Reversal of provision	-	(81 343)
Balance at end of year	<b>2 594 703</b>	<b>1 438 942</b>
The total amount of this provision is R2 594 703 and consist of:		
Taxes	2 594 703	1 438 942
Other	-	-
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<b>2 594 703</b>	<b>1 438 942</b>
The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.		
Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.		
<b>18. OPERATING LEASE ARRANGEMENTS</b>		
<b>18.1 The Municipality as Lessor</b>		
Operating Lease Asset	-	-
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
Up to 1 Year	153 110	146 577
1 to 5 Years	104 246	234 277
More than 5 Years	84 209	-
<b>Total Operating Lease Arrangements</b>	<b>341 565</b>	<b>380 854</b>
This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.		
The leases are in respect of land and buildings being leased out for pervious ranging until 2016.		
<b>19. BANK ACCOUNTS</b>		
<b>19.1 Cash and Cash Equivalents</b>		
Current Accounts	224 717	12 851
Call Investments Deposits	565 553	7 807 262
Cash Floats	100	100
<b>Total Cash and Cash Equivalents - Assets</b>	<b>790 370</b>	<b>7 820 213</b>
Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
Call Investments Deposits to an amount of R165 553 are held to fund the Unspent Conditional Grants (2014: R7 607 262).		

# APPENDICES

	2015 R	2014 R
The municipality has the following bank accounts:		
<b>Current Accounts</b>		
Standard Bank Limited – Account Number 04 185 0173 (Primary Bank Account)	224 717	12 851
	<b>224 717</b>	<b>12 851</b>
The Municipality has a bank overdraft facility of R700,000. R200,000 of the call account balance is pledged as security for the overdraft facility.		
<b>Call Investment Deposits</b>		
Standard Bank Limited - (Water Supply Pofadder (007)):	6 750	6 750
Standard Bank Limited - (Housing fund (007)):	15 309	15 309
Standard Bank Limited - (LGSETA (007)):	33 392	33 392
Standard Bank Limited - (General Deposit):	400 000	200 000
Standard Bank Limited - (Build of 184 Houses (017)):	173	897 759
Standard Bank Limited - (Municipal Infrastructure Grant (015)):	1 521	2 788 414
Standard Bank - (DOE - Upgrading of Electricity):	235 321	735 321
Standard Bank Limited - (DME: Electricity Efficiency Demand Side Management):	-	2 757 230
Standard Bank Limited - (Municipal Systems Improvement Grant):	(186 962)	313 038
Standard Bank Limited - (EPWP - Brick Making Project):	60 050	60 050
	<b>565 553</b>	<b>7 807 262</b>
Details of current account is as follow:		
<b>Standard Bank Limited – Account Number 04 185 0173 (Primary Bank Account)</b>		
Cash book balance at beginning of year	12 851	37 283
Cash book balance at end of year	224 717	12 851
Bank statement balance at beginning of year	35 843	137 562
Bank statement balance at end of year	203 982	35 843
Details of call investment accounts are as follow:		
<b>Standard Bank Limited - (Water Supply Pofadder (007)):</b>		
Cash book balance at beginning of year	6 750	6 750
Cash book balance at end of year	6 750	6 750
Bank statement balance at beginning of year	6 750	6 750
Bank statement balance at end of year	6 750	6 750
<b>Standard Bank Limited - (Library Account (007)):</b>		
Cash book balance at beginning of year	-	63 633
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	63 633
Bank statement balance at end of year	-	37 872
<b>Standard Bank Limited - (Housing fund (007)):</b>		
Cash book balance at beginning of year	15 309	15 309
Cash book balance at end of year	15 309	15 309
Bank statement balance at beginning of year	15 309	15 309
Bank statement balance at end of year	16 155	15 309
<b>Standard Bank Limited - (LGSETA (007)):</b>		
Cash book balance at beginning of year	43 121	33 392
Cash book balance at end of year	33 392	33 392
Bank statement balance at beginning of year	33 392	33 392
Bank statement balance at end of year	68 357	43 121

# APPENDICES

	2015 R	2014 R
<b>Standard Bank Limited - (General Deposit):</b>		
Cash book balance at beginning of year	200 000	200 000
Cash book balance at end of year	400 000	200 000
Bank statement balance at beginning of year	200 000	200 000
Bank statement balance at end of year	400 000	200 000
<b>Standard Bank Limited - (Build of 184 Houses (017)):</b>		
Cash book balance at beginning of year	897 759	47
Cash book balance at end of year	173	897 759
Bank statement balance at beginning of year	1 241 998	47
Bank statement balance at end of year	(1 365 608)	1 241 998
<b>Standard Bank Limited - (Municipal Infrastructure Grant (015)):</b>		
Cash book balance at beginning of year	2 788 414	5 815 769
Cash book balance at end of year	1 521	2 788 414
Bank statement balance at beginning of year	5 021 293	5 815 769
Bank statement balance at end of year	3 076 352	5 021 293
<b>Standard Bank - (DOE - Upgrading of Electricity):</b>		
Cash book balance at beginning of year	735 321	232 004
Cash book balance at end of year	235 321	735 321
Bank statement balance at beginning of year	797 689	232 004
Bank statement balance at end of year	-	797 689
<b>Standard Bank Limited - (DME: Electricity Efficiency Demand Side Management):</b>		
Cash book balance at beginning of year	2 757 230	-
Cash book balance at end of year	-	2 757 230
Bank statement balance at beginning of year	2 757 230	-
Bank statement balance at end of year	-	2 757 230
<b>Standard Bank Limited - (Municipal Systems Improvement Grant):</b>		
Cash book balance at beginning of year	475 204	-
Cash book balance at end of year	(186 962)	313 038
Bank statement balance at beginning of year	313 038	-
Bank statement balance at end of year	663 315	431 418
<b>Standard Bank Limited - (EPWP - Brick Making Project):</b>		
Cash book balance at beginning of year	65 600	-
Cash book balance at end of year	60 050	60 050
Bank statement balance at beginning of year	60 050	-
Bank statement balance at end of year	78 366	65 600
<b>20. PROPERTY RATES</b>		
<b><u>Actual</u></b>		
<b>Rateable Land and Buildings</b>	13 042 705	11 849 613
Residential Property	2 634 063	2 300 580
Commercial Property	787 684	730 656
Agricultural Purposes	9 432 833	8 665 794
State - National/ Provincial Services	188 126	152 582
<b><u>Less:</u> Rebates</b>	(10 042 434)	(9 039 200)
<b>Total Assessment Rates</b>	<b>3 000 271</b>	<b>2 810 414</b>

# APPENDICES

	2015 R	2014 R
<b><u>Valuations - 1 July 2014</u></b>		
<b>Rateable Land and Buildings</b>	968 192 755	979 911 755
Residential Property	199 550 405	203 002 225
Commercial Property	39 782 000	40 592 000
Agricultural Purposes	714 608 350	722 149 530
State - National/ Provincial Services	14 252 000	14 168 000
<b>Less: Income Forgone</b>	(760 790 455)	(753 266 630)
<b>Total Assessment Rates</b>	<b>207 402 300</b>	<b>226 645 125</b>
The applicable rates that are applied to property valuations to determine assessment rates are as follows:- Agricultural land -0.000695 cents per rand, land and improvements -0.01232 cents per rand. A discount of 10% was granted to the State.		
Rates are levied annually and monthly. Monthly rates are payable by the 30th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.		
Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013.		
<b>21. GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b><u>Unconditional</u></b>		
Equitable Share	13 821 000	13 134 000
<b><u>Conditional</u></b>	21 446 743	9 352 904
Grants and Donations	21 446 743	23 003 152
Correction of Error - Note 37.9	-	(13 650 249)
<b>Total Government Grants and Subsidies</b>	<b>35 267 743</b>	<b>22 486 904</b>
Government Grants and Subsidies - Operating	19 696 494	16 399 200
Government Grants and Subsidies - Capital	15 571 249	6 087 703
<b>Total Government Grants and Subsidies</b>	<b>35 267 743</b>	<b>22 486 904</b>
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable Share	13 821 000	13 134 000
Grants and Donations		
Executive and council	95 011	217 701
Budget and treasury office	1 977 901	1 821 710
Corporate Services	-	200 380
Community and social services	285 099	3 656 216
Housing	-	-
Sport and recreation	718 887	-
Waste Water Management	2 495 970	2 951 092
Road Transport	11 130 954	-
Water	612 632	-
Electricity	4 130 289	505 805
<b>Total Government Grants and Subsidies</b>	<b>35 267 743</b>	<b>22 486 904</b>
<b>21.1 Equitable Share</b>		
Opening balance	-	-
Correction of Error	-	-
Grants received	13 821 000	13 134 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(13 821 000)	(13 134 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		



# APPENDICES

		2015 R	2014 R
<b>21.2</b>	<b><u>Local Government Financial Management Grant (FMG)</u></b>		
	Opening balance	-	(26 884)
	Correction of Error - Note 37.6	-	220 822
	Grants received	1 800 000	1 650 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(1 768 365)	(1 774 193)
	Conditions met - Capital	(31 635)	(69 745)
	Conditions still to be met	-	-
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
<b>21.3</b>	<b><u>Municipal Systems Improvement Grant (MSIG)</u></b>		
	Opening balance	475 204	431 418
	Correction of Error	-	-
	Grants received	934 000	890 000
	Interest received	-	-
	Repaid to National Revenue Fund	(475 000)	(431 418)
	Conditions met - Operating	(209 513)	(268 339)
	Conditions met - Capital	(61 376)	(146 457)
	Conditions still to be met	663 315	475 204
	The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>21.4</b>	<b><u>Municipal Infrastructure Grant (MIG)</u></b>		
	Opening balance	5 021 293	8 205 845
	Correction of Error	-	-
	Grants received	8 376 000	6 481 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	(5 170 910)
	Conditions met - Operating	(1 160 155)	-
	Conditions met - Capital	(9 160 787)	(4 494 642)
	Conditions still to be met	3 076 352	5 021 293
	The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.		
<b>21.5</b>	<b><u>Integrated National Electrification Grant</u></b>		
	Opening balance	797 689	529 821
	Correction of Error	-	-
	Grants received	-	1 200 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(797 689)	(932 131)
	Conditions still to be met	-	797 689
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		

# APPENDICES

		2015 R	2014 R
<b>21.6</b>	<b><u>Energy Efficiency and Demand Side Management</u></b>		
	Opening balance	2 757 230	-
	Correction of Error	-	-
	Grants received	-	3 000 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(1 696 907)	-
	Conditions met - Capital	(1 060 323)	(242 770)
	Conditions still to be met	-	2 757 230
	The grant was used for energy saving projects.		
<b>21.7</b>	<b><u>Accelerated Community Infrastructure Programme</u></b>		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	3 792 888	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(3 792 888)	-
	Conditions still to be met	-	-
	The grant was used to finance infrastructure programmes.		
<b>21.8</b>	<b><u>Library Grant</u></b>		
	Opening balance	37 872	(6 959)
	Correction of Error	-	-
	Grants received	747 000	554 000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(784 872)	(307 210)
	Conditions met - Capital	-	(201 958)
	Conditions still to be met	-	37 872
	The grant was used to provide Library services to the community.		
<b>21.9</b>	<b><u>Provincial Infrastructure Grant</u></b>		
	Opening balance	6 750	6 750
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	6 750	6 750
	The Provincial Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.		

# APPENDICES

		2015 R	2014 R
<b>21.10</b>	<b><u>GCIS</u></b>		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	-	1 500
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(1 500)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	Grant was received to provide internet access during the Soccer World Cup to communities in order to watch the soccer.		
<b>21.11</b>	<b><u>Expanded Public Works Programme</u></b>		
	Opening balance	65 600	-
	Correction of Error	-	-
	Grants received	1 000 000	1 000 000
	Interest received	-	-
	Repaid to National Revenue Fund	(65 000)	-
	Conditions met - Operating	(255 683)	(934 400)
	Conditions met - Capital	(666 552)	-
	Conditions still to be met	78 366	65 600
	The grant was used for job creation.		
<b>21.12</b>	<b><u>Namakwa District Municipality</u></b>		
	Opening balance	94 234	94 234
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	94 234	94 234
	The grant was used for various projects.		
<b>21.13</b>	<b><u>LG SETA</u></b>		
	Opening balance	43 121	37 010
	Correction of Error	-	-
	Grants received	25 236	20 091
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(13 980)
	Conditions met - Capital	-	-
	Conditions still to be met	68 357	43 121
	The grant was used to provide training to employees.		
<b>21.14</b>	<b><u>Vedanta Black Mountain</u></b>		
	Opening balance	20 664	-
	Correction of Error	-	-
	Grants received	-	207 064
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(186 400)
	Conditions met - Capital	-	-
	Conditions still to be met	20 664	20 664
	The grant was used for various projects.		

# VOLUME II

		2015 R	2014 R
<b>21.15</b>	<b>Total Grants</b>		
	Opening balance	10 367 288	9 271 234
	Correction of Error	(1 047 630)	220 822
	Grants received	30 496 123	28 137 655
	Interest received	-	-
	Repaid to National Revenue Fund	(540 000)	(5 602 328)
	Conditions met - Operating	(19 696 494)	(16 620 022)
	Conditions met - Capital	(15 571 249)	(6 087 703)
	Conditions still to be met/(Grant expenditure to be recovered)	4 008 038	9 319 657
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	4 008 038	9 319 657
	Unpaid Conditional Government Grants and Receipts	-	-
	<b>Total</b>	<b>4 008 038</b>	<b>9 319 657</b>
<b>22.</b>	<b>SERVICE CHARGES</b>		
	<b>Electricity</b>	<b>6 237 649</b>	<b>5 742 538</b>
	Service Charges	6 668 122	6 208 396
	<b>Less:</b> Income Forgone	(430 474)	(465 858)
	<b>Water</b>	<b>5 910 445</b>	<b>5 680 126</b>
	Service Charges	8 733 754	8 120 036
	<b>Less:</b> Income Forgone	(2 823 308)	(2 439 910)
	<b>Refuse Removal</b>	<b>779 592</b>	<b>680 061</b>
	Service Charges	2 562 571	2 244 329
	<b>Less:</b> Income Forgone	(1 782 979)	(1 564 267)
	<b>Sewerage and Sanitation Charges</b>	<b>938 694</b>	<b>843 192</b>
	Service Charges	2 662 079	2 389 882
	<b>Less:</b> Income Forgone	(1 723 386)	(1 546 690)
	<b>Total Service Charges</b>	<b>13 866 379</b>	<b>12 945 917</b>
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		

# APPENDICES

		2015 R	2014 R
23.	<b>INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
	Bank	182 655	366 699
	<b>Total Interest Earned - External Investments</b>	<b>182 655</b>	<b>366 699</b>
24.	<b>INTEREST EARNED - OUTSTANDING RECEIVABLES</b>		
	Trade Receivables	766 699	2 657 808
	Other Receivables	91 269	77 112
	<b>Total Interest Earned - Outstanding Receivables</b>	<b>857 968</b>	<b>2 734 921</b>
25.	<b>OTHER INCOME</b>		
	Sundry Income	104 845	91 577
	Building Plan Fees	22 185	7 250
	Commissions	12 782	10 492
	Connection Fees	2 529	62 013
	Discount Received from Auditor-General	687 332	1 931 043
	Graves and Cemeteries	-	1 000
	Photocopies	4 660	1 621
	Sale of erven	-	12 000
	Swimming Pool	2 212	2 632
	Tanker Services	31 861	49 421
	<b>Total Other Income</b>	<b>868 406</b>	<b>2 169 049</b>
	<u>Disclosed as follows:</u>		
	Revenue from Exchange Transactions	181 074	238 006
	Revenue from Non-Exchange Transactions	687 332	1 931 043
	<b>Total Other Income</b>	<b>868 406</b>	<b>2 169 049</b>
26.	<b>EMPLOYEE RELATED COSTS</b>		
	Employee Related Costs - Salaries and Wages	8 473 286	8 004 488
	Employee Related Costs - Contributions for Medical Aids	260 214	261 371
	Employee Related Costs - Contributions for UIF and Pensions	1 059 430	1 003 427
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	378 616	324 945
	Housing Benefits and Allowances	14 695	15 663
	Overtime Payments	574 359	680 032
	Bonuses	541 815	512 083
	Provision for leave	172 476	139 322
	Contribution to provision - Long Service Awards - Note 5	55 488	52 507
	Contribution to provision - Post Retirement Medical - Note 5	241 349	194 895
		11 771 728	11 188 733
	<b>Less:</b> Employee Costs allocated elsewhere	-	-
	<b>Total Employee Related Costs</b>	<b>11 771 728</b>	<b>11 188 733</b>
	<b>KEY MANAGEMENT PERSONNEL</b>		
	Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
	<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
	<b>Remuneration of the Municipal Manager -O.J. Isaacs</b>		
	Annual Remuneration	457 944	-
	Car Allowance	-	-
	Telephone allowance	7 000	-
	Bonus	-	-
	Contributions to UIF, Medical and Pension Funds	-	-
	<b>Total</b>	<b>464 944</b>	<b>-</b>

# APPENDICES

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<b>Certification by the Municipal Manager</b>				
I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.				
.....				
<b>Signed: Municipal Manager</b>				
			<b>2015</b>	<b>2014</b>
			<b>R</b>	<b>R</b>
<b>28. DEBT IMPAIRMENT</b>				
Receivables from exchange transactions - Note 16			7 046 417	9 636 483
Receivables from non-exchange transactions - Note 17			1 155 761	234 311
			8 202 179	9 870 794
<b>Less:</b> VAT Portion on Debt Impairment			(865 350)	(937 183)
<b>Total Debt Impairment</b>			<b>7 336 829</b>	<b>8 933 611</b>
<b>29. DEPRECIATION AND AMORTISATION</b>				
Property, plant and equipment			2 517 105	1 849 923
Intangible assets			71 898	68 776
Investment property carried at cost			5 692	1 435
<b>Total Depreciation and Amortisation</b>			<b>2 594 695</b>	<b>1 920 134</b>
<b>30. REPAIRS AND MAINTENANCE</b>				
Property, Plant and Equipment			1 015 283	1 258 148
Investment Property			1 354	-
<b>Total Depreciation and Amortisation</b>			<b>1 016 637</b>	<b>1 258 148</b>
<b>31. FINANCE COSTS</b>				
Long-term Liabilities			562 450	105 014
Non-current Provisions			260 548	177 521
Correction of Error - Note 37.1			-	(7 954)
Non-current Employee Benefits			444 544	351 953
Correction of Error - Note 37.2			-	24 129
Creditors			-	149 450
Overdraft Facilities			669	11 997
<b>Total Finance Costs</b>			<b>1 268 212</b>	<b>812 110</b>
<b>32. BULK PURCHASES</b>				
Electricity			6 341 622	5 736 484
Water			2 657 301	2 379 526
<b>Total Bulk Purchases</b>			<b>8 998 924</b>	<b>8 116 010</b>

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		2015 R	2014 R
<b>33. OTHER OPERATING GRANT EXPENDITURE</b>			
Operating Grant Expenditure per Vote			
DWAF	-	6 876	
Finance Management Grant	1 768 365	1 843 938	
Municipal System Improvement Grant	209 513	268 339	
Vedanta Black Mountain	-	187 547	
Provincial Grant Expenditure	111 769	26 575	
Total Operating Grant Expenditure	2 089 647	2 333 275	
<b>34. GENERAL EXPENSES</b>			
Advertisements	37 492	113 966	
Audit Fees	1 221 662	1 602 342	
Bank Charges	118 863	140 138	
Cleansing	31 386	27 107	
Commission - sale of electricity	214 837	54 048	
Electricity	651 748	533 395	
Fuel Vehicles	740 680	590 314	
Insurance	425 278	631 912	
Legal Fees	-	5 010	
Materials	234 293	214 892	
Membership Fees	512 707	463 543	
Postage and Telephone	314 586	307 087	
Printing and Stationary	141 075	117 798	
Travel Expenses	1 388 675	1 169 141	
Uniforms and Protective Clothing	64 498	36 251	
Other	311 954	1 052 775	
Correction of Error - Note 37.9	-	(4 425 840)	
Total General Expenses	6 409 734	2 633 880	
<b>35. GAIN/ (LOSS) ON SALE OF ASSETS</b>			
Property, plant and equipment	92 521	(33 843)	
Intangible assets	-	-	
Investment property	-	-	
Total Gain/ (Loss) on Sale of Assets	92 521	(33 843)	
<b>36. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS</b>			
Property, Plant and Equipment	-	9 941 139	
Intangible Assets	-	-	
Investment Property	-	-	
Inventory	(900)	34 250	
Total (Impairment Loss)/ Reversal of Impairment Loss	(900)	9 975 389	
<b>37. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>			
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:			
		2015 R	2014 R
<b>37.1 Non-Current Provisions</b>			
Balance previously reported	-	3 204 897	
Derecognise IGRAP 2 Adjustments for 2013/2014 - Note 3	-	(549 116)	
Adjustment 2013/2014 Interest Paid for the year - Note 3	-	(3 693)	
Correct prior year balances - before 1 July 2013 - Note 3	-	(423 263)	
Restated Balance	-	2 228 825	
Correction of Provision for Rehabilitation of Landfill-sites			



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		2015 R	2014 R
<b>37.2</b>	<b>Non-Current Employee Benefits</b>		
	<b>Balance previously reported</b>	-	4 502 945
	Provision for Long-Service Awards - Periods before 1 July 2013	-	321 491
	Provision for Long-Service Awards - Current Service Cost 2013/2014	-	52 507
	Provision for Long-Service Awards - Interest Cost 2013/2014	-	24 129
	Provision for Long-Service Awards - Benefits Paid 2013/2014	-	(10 311)
	Provision for Long-Service Awards - Actuarial Loss 2013/2014	-	34 727
	Provision for Long-Service Awards - Short-term Portion 2013/2014	-	(30 104)
	<b>Restated Balance</b>	<b>-</b>	<b>4 895 384</b>
	Sundry Creditor recognised incorrectly in prior years.		
<b>37.3</b>	<b>Payables from Exchange Transactions</b>		
	<b>Balance previously reported</b>	-	8 373 562
	Sundry Creditor recognised incorrectly in prior years - Note 8	-	43 272
	Reversal of Housing Grant transactions - Note 37.3	-	1 241 998
	<b>Restated Balance</b>	<b>-</b>	<b>9 658 833</b>
	Sundry Creditor recognised incorrectly in prior years.		
<b>37.4</b>	<b>Unspent Conditional Government Grants and Receipts</b>		
	<b>Balance previously reported</b>	-	10 561 656
	Reversal of Housing Grant transactions - Note 9	-	(1 241 998)
	<b>Restated Balance</b>	<b>-</b>	<b>9 319 657</b>
	Reversal of Housing Grant transactions.		
<b>37.5</b>	<b>Property, Plant and Equipment</b>		
	<b>Balance previously reported</b>	-	92 612 023
	Cost	-	769 103
	Infrastructure Assets not recognised in prior years - Note 12	-	1 869 237
	IGRAP 2 Adjustment recognised incorrectly in prior years - Note 12	-	(1 096 758)
	Other Assets not written-off in prior years - Note 12	-	(3 377)
	Accumulated Depreciation	-	(172 039)
	Backlog Depreciation on Infrastructure Assets not recognised in prior years - Note 12	-	(172 039)
	<b>Restated Balance</b>	<b>-</b>	<b>93 209 087</b>
	Assets not recognised in prior years and Other Assets not written-off in prior years.		
		2015 R	2014 R
<b>37.6</b>	<b>Receivables from Non-Exchange Transactions</b>		
	<b>Balance previously reported</b>	-	1 479 582
	Correction of Sundry Debtor Accounts - Note 17	-	(8 364)
	Reversal of Housing Grant transactions - Note 37.6	-	194 368
	<b>Restated Balance</b>	<b>-</b>	<b>1 665 586</b>
	Correction of Sundry Debtor Accounts recognised incorrectly in prior years.		

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						2015 R	2014 R
<b>37.7</b>	<b>Unpaid Conditional Government Grants and Receipts</b>						
	<b>Balance previously reported</b>					-	415 190
	Recognise over-expenditure on FMG Grant as operating expenses - Note 9					-	(220 822)
	Reversal of Housing Grant transactions - Note 9					-	(194 368)
	<b>Restated Balance</b>					-	-
	Recognise over-expenditure on FMG Grant as operating expenses and reversal of Housing Grant transactions.						
<b>37.8</b>	<b>Accumulated Surplus/(Deficit) - 1 July 2013</b>						
	Provision for Long-Service Awards not recognised in prior years - Note 37.2					-	(321 491)
	Restate Provision for Rehabilitation of Landfill-sites - Note 37.1					-	423 263
	Infrastructure Assets not recognised in prior years - Note 37.5					-	1 869 237
	Other Assets not written-off in prior years - Note 37.5					-	(3 377)
	Backlog Depreciation on Infrastructure Assets not recognised in prior years - Note 37.5					-	(172 039)
	Correction of Sundry Debtor Accounts - Note 37.5					-	(8 364)
	<b>Total</b>					-	<b>1 787 230</b>
<b>37.9</b>	<b>Changes to Statement of Financial Performance</b>						
	Movement on operating account as a result of GRAP standards not implemented in prior						
		<b>Note</b>	<b>Balance previously reported</b>	<b>Adjustments</b>		<b>Restated Balance</b>	
	<b>Revenue</b>						
			2 810 414	-		2 810 414	
			10 837 450	-		10 837 450	
		<b>37.6</b>	25 299 702	(13 650 249)		11 649 454	
			3 050	-		3 050	
			12 945 917	-		12 945 917	
			170 159	-		170 159	
			366 699	-		366 699	
			2 734 921	-		2 734 921	
			26 787	-		26 787	
			134 019	-		134 019	
			2 169 049	(1 931 043)		238 006	
		<b>Total</b>	<b>57 498 166</b>	<b>(13 650 249)</b>		<b>43 847 918</b>	
	<b>Expenditure</b>						
		<b>37.2</b>	(11 146 537)	(42 196)		(11 188 733)	
			(1 736 146)	-		(1 736 146)	
			(8 933 611)	-		(8 933 611)	
			-	-		-	
			(1 920 134)	-		(1 920 134)	
			(1 258 148)	-		(1 258 148)	
			-	-		-	
		<b>37.2</b>	(196 042)	(34 727)		(230 769)	
		<b>37.2</b>	(795 935)	(16 175)		(812 110)	
			(8 116 010)	-		(8 116 010)	
			(289 230)	-		(289 230)	
			(358 451)	-		(358 451)	
			(11 293 590)	8 960 315		(2 333 275)	
		<b>37.3</b>	(7 059 719)	4 425 840		(2 633 880)	
			(33 843)	-		(33 843)	
			(9 975 389)	(551 902)		(10 527 291)	
		<b>Total</b>	<b>(63 112 786)</b>	<b>12 741 154</b>		<b>(50 371 632)</b>	
		<b>Net Surplus/(Deficit) for the year</b>	<b>(5 614 620)</b>	<b>(909 095)</b>		<b>(6 523 714)</b>	

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	2015 R	2014 R
<b>38. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	11 355 988	(6 523 714)
<b>Adjustments for:</b>		
Depreciation and amortisation	2 369 196	1 867 907
Loss/(Gain) on disposal of property, plant and equipment	(92 521)	33 843
Impairment Loss/(Reversal of Impairment Loss)	900	10 525 161
Government Grants and Subsidies received	29 956 123	37 715 755
Government Grants and Subsidies recognised as revenue	(35 267 743)	(35 916 330)
Grants repaid to National Treasury Fund	260 548	-
Contribution to provisions – Non-Current Provisions	601 837	171 697
Contribution from/to provisions - Current Employee Benefits	-	837 136
Contribution from/to provisions - Non-Current Employee Benefits	7 336 829	494 326
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial Losses	-	58 856
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial Gain	(652 251)	-
Contribution to provisions – Bad debt	-	9 870 794
Operating Surplus/(Deficit) before changes in working capital	15 868 906	19 135 430
Changes in working capital	(5 258 834)	(7 403 985)
Increase/(Decrease) in Trade and Other Payables	2 862 000	2 778 542
Increase/(Decrease) in Employee Benefits	76 488	(533 797)
(Increase)/Decrease in Taxes	(839 697)	(710 854)
(Increase)/Decrease in Inventory	(152 847)	498 538
(Increase)/Decrease in Receivables from exchange transactions	(5 765 826)	(8 945 598)
(Increase)/Decrease in Receivables from non-exchange transactions	(1 438 952)	(490 816)
<b>Cash generated/(absorbed) by operations</b>	<b>10 610 073</b>	<b>11 731 445</b>
<b>39. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 19	224 717	12 851
Call Investments Deposits - Note 19	565 553	7 807 262
Cash Floats - Note 19	100	100
<b>Total cash and cash equivalents</b>	<b>790 370</b>	<b>7 820 213</b>
<b>40. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 39	790 370	7 820 213
<b>Less:</b>	(3 999 142)	(9 313 984)
Unspent Committed Conditional Grants - Note 9	(4 008 038)	(9 319 657)
Net cash resources available for internal distribution	(3 208 771)	(1 493 771)
Allocated to:		
Capital Replacement Reserve	-	-
<b>Resources available for working capital requirements</b>	<b>(3 208 771)</b>	<b>(1 493 771)</b>
<b>41. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 3	10 544	33 993
Used to finance property, plant and equipment - at cost	(10 544)	(33 993)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management		

# APPENDICES

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# APPENDICES

		2015 Actual R	2015 Budget R	2015 Variance R	2015 Variance %
<b>42.2</b>	<b>Capital Expenditure by Standard Classification</b>				
	Governance and Administration				
	Executive and council	228 790	230 000	(1 210)	-0.53%
	Budget and Treasury Office	-	-	-	
	Corporate Services	-	-	-	
	Community and Public Safety				
	Community and Social Services	2 804 200	3 074 200	(270 000)	-8.78%
	Sport and Recreation	666 552	-	666 552	100.00%
	Public Safety	-	-	-	
	Housing	-	-	-	
	Health	-	-	-	
	Economic and Environmental Services				
	Planning and Development	-	-	-	
	Road Transport	9 767 452	11 497 370	(1 729 918)	-15.05%
	Environmental Protection	-	-	-	
	Trading Services				
	Electricity	1 635 693	1 600 000	35 693	2.23%
	Water	692 060	1 030 330	(338 271)	-32.83%
	Waste Water Management	2 103 382	2 140 000	(36 618)	-1.71%
	Waste Management	852 457	-	852 457	100.00%
	Other	-	-	-	
	<b>Total Capital Expenditure</b>	<b>18 750 584</b>	<b>19 571 900</b>	<b>(821 316)</b>	<b>-4.20%</b>
	<b>Details of material variances</b>				
	Refer to note 43 for explanations.				

# APPENDICES

		2015 Actual R	2015 Budget R	2015 Variance R	2015 Variance %
<b>42.3</b>	<b>Operational Budget by Municipal Vote</b>				
	<b>Revenue - Vote</b>				
	Municipal Manager	254 895	130 000	124 895	96.07%
	Council and General Municipal Manager	162 373 92 521	130 000 -	32 373 92 521	24.90%
	Finance	19 944 620	23 588 370	(3 643 750)	-15.45%
	Assessment Rates	3 091 541	3 080 120	11 421	0.37%
	Chief Financial Officer	2 666 757	2 606 200	60 557	2.32%
	Internal Auditor	-	-	-	
	Other Subsidies	13 821 000	13 821 000	-	0.00%
	Property Services	175 305	3 880 500	(3 705 196)	-95.48%
	Vehicle Licencing and Testing	190 017	200 550	(10 533)	-5.25%
	Corporate Services	4 858 606	4 198 590	660 016	15.72%
	Cemetery	-	10 500	(10 500)	-100.00%
	Corporate Services	876 726	244 300	632 426	258.87%
	Disaster Management	-	-	-	
	Health	-	-	-	
	Library	784 872	747 000	37 872	5.07%
	Municipal and Public Buildings	220	-	220	100.00%
	Public Works	3 196 788	3 196 790	(2)	0.00%
	Infrastructure Development	33 397 995	37 031 110	(3 633 115)	-9.81%
	Electricity	10 450 317	11 261 710	(811 393)	-7.20%
	Parks and Recreation	721 099	782 000	(60 901)	-7.79%
	Refuse	841 104	863 160	(22 056)	-2.56%
	Roads	11 130 954	13 229 010	(2 098 056)	-15.86%
	Sewerage	3 213 059	3 235 000	(21 941)	-0.68%
	Television	-	-	-	
	Water	7 041 461	7 660 230	(618 769)	-8.08%
	Economic Development	5 873 854	6 387 640	(513 786)	-8.04%
	Housing	5 873 854	6 387 640	(513 786)	-8.04%
	IDP/LED	-	-	-	
	Tourism	-	-	-	
	<b>Total Revenue</b>	<b>64 329 969</b>	<b>71 335 710</b>	<b>(7 005 741)</b>	<b>-9.82%</b>

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	2015 Actual R	2015 Budget R	2015 Variance R	2015 Variance %
<b>Expenditure - Vote</b>				
Municipal Manager	(3 951 922)	(4 645 290)	693 368	-14.93%
Council and General Municipal Manager	(2 973 498) (978 424)	(3 377 590) (1 267 700)	404 092 289 276	-11.96% -22.82%
Finance	(5 866 616)	(5 558 370)	(308 246)	5.55%
Assessment Rates	(1 155 761)	(250 000)	(905 761)	362.30%
Chief Financial Officer	(4 328 850)	(4 747 310)	418 460	-8.81%
Internal Auditor	-	-	-	
Other Subsidies	(359 400)	(350 000)	(9 400)	2.69%
Property Services	(2 691)	(151 560)	148 869	-98.22%
Vehicle Licencing and Testing	(19 914)	(59 500)	39 586	-66.53%
Corporate Services	(7 334 167)	(7 615 450)	281 283	-3.69%
Cemetery	(200 608)	(271 330)	70 722	-26.06%
Corporate Services	(5 136 515)	(5 048 360)	(88 155)	1.75%
Disaster Management	(12 895)	(190 500)	177 605	-93.23%
Health	-	-	-	
Library	(993 112)	(1 308 670)	315 558	-24.11%
Municipal and Public Buildings	(598 450)	(754 000)	155 550	-20.63%
Public Works	(392 588)	(42 590)	(349 998)	821.78%
Infrastructure Development	(28 653 801)	(27 167 470)	(1 486 331)	5.47%
Electricity	(10 529 499)	(10 179 240)	(350 259)	3.44%
Parks and Recreation	(504 200)	(1 398 560)	894 360	-63.95%
Refuse	(2 844 858)	(3 179 920)	335 062	-10.54%
Roads	(882 166)	(1 451 180)	569 014	-39.21%
Sewerage	(2 774 615)	(3 530 210)	755 595	-21.40%
Television	(48 846)	(58 990)	10 144	-17.20%
Water	(11 069 618)	(7 369 370)	(3 700 248)	50.21%
Economic Development	(7 167 474)	(7 615 400)	447 926	-5.88%
Housing	(6 113 092)	(6 387 640)	274 548	-4.30%
IDP/LED	(848 293)	(1 007 210)	158 917	-15.78%
Tourism	(206 089)	(220 550)	14 461	-6.56%
<b>Total Expenditure</b>	<b>(52 973 981)</b>	<b>(52 601 980)</b>	<b>(372 001)</b>	<b>0.71%</b>
<b>Surplus/(Deficit) for the year</b>	<b>11 355 988</b>	<b>18 733 730</b>	<b>(7 377 742)</b>	<b>-39.38%</b>
<b>Details of material variances</b>				
Refer to note 43 for explanations.				

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		2015 Actual R	2015 Budget R	2015 Variance R	2015 Variance %
<b>42.4</b>	<b>Capital Expenditure by Municipal Vote</b>				
	Municipal Manager	228 790	230 000	(1 210)	-0.53%
	Council and General Municipal Manager	228 790	230 000	(1 210)	-0.53%
	Finance	-	-	-	
	Assessment Rates	-	-	-	
	Chief Financial Officer	-	-	-	
	Internal Auditor	-	-	-	
	Other Subsidies	-	-	-	
	Property Services	-	-	-	
	Vehicle Licencing and Testing	-	-	-	
	Corporate Services	2 804 200	3 074 200	(270 000)	-8.78%
	Cemetery	-	-	-	
	Corporate Services	-	-	-	
	Disaster Management	-	-	-	
	Health	-	-	-	
	Library	-	-	-	
	Municipal and Public Buildings	-	-	-	
	Public Works	2 804 200	3 074 200	(270 000)	-8.78%
	Infrastructure Development	16 247 750	16 267 700	(19 950)	-0.12%
	Electricity	1 635 693	1 600 000	35 693	2.23%
	Parks and Recreation	666 552	-	666 552	100.00%
	Refuse	1 382 612	-	1 382 612	100.00%
	Roads	9 767 452	12 137 370	(2 369 918)	-19.53%
	Sewerage	2 103 382	1 500 000	603 382	40.23%
	Television	-	-	-	
	Water	692 060	1 030 330	(338 271)	-32.83%
	Economic Development	-	-	-	
	Housing	-	-	-	
	IDP/LED	-	-	-	
	Tourism	-	-	-	
	<b>Total Capital Expenditure</b>	<b>19 280 740</b>	<b>19 571 900</b>	<b>(291 160)</b>	<b>-1.49%</b>
	<b>Details of material variances</b>				
	Refer to note 43 for explanations.				
				<b>2015 R</b>	<b>2014 R</b>
<b>43.</b>	<b>BUDGET INFORMATION</b>				
<b>43.1</b>	<b>Explanation of variances between approved and final budget amounts</b>				
	The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.				
	<b>Explanation of variances greater than 5%: Final Budget and Actual Amounts</b>				
	<b>Statement of Financial Position</b>				
<b>43.2.1</b>	<b>Current Assets</b>				
	Cash				
	Cash transferred to investment accounts and overspending of operating budget.				
	Call Investment Deposits				
	Cash transferred to investment accounts.				



# APPENDICES

[illegible]

[illegible]

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		2015 R	2014 R
Unauthorised expenditure can be summarised as follow:			
<b>Incident</b>	<b>Disciplinary steps/criminal proceeding</b>		
<i>Over expenditure of approved budget</i>	<i>None</i>	29 136 742	27 342 165
<i>Grants utilised for Operating Purposes</i>	<i>None</i>	4 147 791	4 147 791
		<b>33 284 533</b>	<b>31 489 956</b>
<b>44.2 Fruitless and wasteful expenditure</b>			
Reconciliation of fruitless and wasteful expenditure:			
Opening balance		1 278 683	66 147
Fruitless and wasteful expenditure current year		<b>148 272</b>	1 212 536
Condoned or written off by Council		-	-
Transfer to receivables for recovery - not condoned		-	-
Fruitless and wasteful expenditure awaiting condonement		<b>1 426 955</b>	<b>1 278 683</b>
Fruitless and wasteful expenditure can be summarised as follow:			
<b>Incident</b>	<b>Disciplinary steps/criminal proceeding</b>		
<i>Interest on overdue Eskom accounts - 2012</i>	<i>None</i>	42 033	42 033
<i>Penalties and interest for late payment of value added taxation - 2012</i>	<i>None</i>	4 444	4 444
<i>Overpayment of SDL levies - 2012</i>	<i>None</i>	2 872	2 872
<i>Salary paid to PJ Baker after contract terminated - February 2013</i>	<i>None</i>	13 023	13 023
<i>Salary paid to JE Magerman - February 2013</i>	<i>None</i>	3 775	3 775
<i>Interest on overdue Eskom accounts - 2014</i>	<i>None</i>	114 590	114 590
<i>Interest on Bank Overdraft - 2014</i>	<i>None</i>	11 479	11 479
<i>Interest on AGSA accounts - 2014</i>	<i>None</i>	149 450	149 450
<i>Interest on Other Suppliers accounts - 2014</i>	<i>None</i>	974	974
<i>Overpayment to Seven Sirs for building of Community Halls</i>	<i>None</i>	936 043	936 043
<i>Interest on overdue Eskom accounts - 2015</i>	<i>None</i>	148 272	-
		<b>1 426 955</b>	<b>1 278 683</b>
<b>44.3 Irregular expenditure</b>			
Reconciliation of irregular expenditure:			
Opening balance		11 072 467	11 072 467
Irregular expenditure current year		-	-
Expenditure authorised i.t.o. Section 32 of MFMA		-	-
Condonement supported by council		-	-
Transfer to receivables for recovery - not condoned		-	-
Irregular expenditure awaiting further action		<b>11 072 467</b>	<b>11 072 467</b>
Irregular expenditure awaiting condonement from National Treasury		<b>11 072 467</b>	<b>11 072 467</b>

# APPENDICES

		2015 R	2014 R
Irregular expenditure can be summarised as follow:			
Incident	Disciplinary steps/criminal proceedings		
Payment made to employee, without renewal of contract - 2011	None	231 706	231 706
Appointment of supplier by former Accounting Officer without following Supply Chain Management procedures - 2011	None	5 609 311	5 609 311
Appointment of Municipal Manager in terms of Section 54 A (1) Subsection 4 was Null And Void (Ref to letter from COGHSTA dated 13 February 2013). All expenditure from date of appointment was classified as irregular - 2013	None	1 612 959	1 612 959
Non-compliance with Section 44 of the Supply Chain regulations - Dealings with a person in the service of the state - 2012	None	66 519	66 519
Deviations from the Supply Chain regulations - 3 Quotations not obtained - 2012	None	171 919	171 919
Deviations from the Supply Chain regulations - No declaration of interest - 2012	None	3 202 590	3 202 590
Deviations from the Supply Chain regulations - No declaration of interest - 2013	None	53 340	53 340
Deviations from the Supply Chain regulations - No original Tax Clearance Certificate - 2012	None	98 131	98 131
Finance Lease agreements entered into for a period longer than 3 years - 2013 Payments	None	25 992	25 992
		<b>11 072 467</b>	<b>11 072 467</b>
Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.			
Possible irregular expenditure, pending an investigation, occurred during the year.			
Incident	Disciplinary steps/criminal proceedings		
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate and No declaration of interest - 2014	None	934 857	934 857
Deviations from the Supply Chain regulations - Reasons for deviations not documented - 2014	None	1 015 380	1 015 380
Bid Adjudication Committee does not exist of 4 managers and a senior SCM official	None	1 574 227	1 574 227
Invalid deviation for tender awarded for Upgrading of Gravel Roads	None	790 000	790 000
Deviations from the Supply Chain regulations - Contracted Services of AA du Plessis	None	205 317	205 317
Deviations from the Supply Chain regulations - No tender processes followed to appoint service provider to complete work of initial appointed service provider	None	1 396 424	1 396 424
Remuneration paid to EJ Vries for acting as Municipal Manager for periods exceeding 3 months without approval from MEC.	None	66 738	66 738
New contracts were offered to employees without the necessary interviews and evaluations taking place before the new appointments taking place.	None	2 110 250	2 110 250
		<b>8 093 193</b>	<b>8 093 193</b>

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		2015 R	2014 R
<b>45.</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>45.1</b>	<b>Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)</b>		
	Opening balance	-	-
	Council subscriptions	500 000	500 000
	Amount paid - current year	(500 000)	(500 000)
	Amount paid - previous years	-	-
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>45.2</b>	<b>Audit fees - [MFMA 125 (1)(c)]</b>		
	Opening balance	2 108 697	2 847 219
	Current year audit fee	782 153	(223 682)
	External Audit - Auditor-General	782 153	(223 682)
	Amount paid - current year	-	(514 840)
	Amount paid - previous year	-	-
	<b>Balance unpaid (included in creditors)</b>	<b>2 890 849</b>	<b>2 108 697</b>
<b>45.3</b>	<b>VAT - [MFMA 125 (1)(c)]</b>		
	Opening balance	426 145	163 615
	Amounts received - current year	(4 559 072)	(1 542 376)
	Amount paid - current year	4 926 707	1 804 905
	<b>Closing balance</b>	<b>793 780</b>	<b>426 145</b>
	VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
<b>45.4</b>	<b>PAYE and UIF - [MFMA 125 (1)(c)]</b>		
	Opening balance	129 817	-
	Current year payroll deductions	1 514 640	1 544 532
	Amount paid - current year	(1 773 231)	(1 414 716)
	<b>Balance unpaid (included in creditors)</b>	<b>(128 774)</b>	<b>129 817</b>
<b>45.5</b>	<b>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
	Opening balance	153 089	-
	Current year payroll deductions and Council Contributions	1 949 231	1 855 638
	Amount paid - current year	(1 951 027)	(1 702 549)
	Amount paid - previous year	-	-
	<b>Balance unpaid (included in creditors)</b>	<b>151 293</b>	<b>153 089</b>
<b>45.6</b>	<b>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>		
	The following Councillors had arrear accounts for more than 90 days as at 30 June 2015:		
		<b>Outstanding more than 90 days</b>	
	HJ Raman	7 140	
	PA van Heerden	6 742	

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<b>45.7</b>	<b>Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005</b>						
	Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)						
					<b>Type of Deviation</b>		
		<b>Amount</b>	<b>Single Supplier</b>	<b>Impossible</b>	<b>Impractical</b>	<b>Emergency</b>	
	July	96 054	6	-	-	-	
	August	73 759	3	-	-	-	
	September	67 605	8	-	-	-	
	October	176 785	12	-	-	-	
	November	248 262	12	-	-	-	
	December	187 710	6	-	-	-	
	January	198 489	9	-	-	-	
	February	180 997	11	-	-	-	
	March	33 441	3	-	-	-	
	April	38 357	3	-	-	-	
	May	62 061	5	-	-	-	
	June	160 877	14	-	-	-	
		1 524 396	92	-	-	-	
						<b>2015</b>	<b>2014</b>
						<b>R</b>	<b>R</b>
<b>45.8</b>	<b>Material losses</b>						
	<b>Electricity distribution losses</b>						
	Percentage lost during distribution					5.79%	11.74%
	Distribution loss (Rand Value)					400 777	673 973
	<b>Water distribution losses</b>						
	Percentage lost during distribution					34.34%	24.00%
	Distribution loss (Rand Value)					1 060 056	648 285
<b>46.</b>	<b>CAPITAL COMMITMENTS</b>						
	<b>Commitments in respect of capital expenditure:</b>						
	Approved and contracted for:					1 021 687	26 362 617
	Infrastructure					701 897	12 745 483
	Community					-	-
	Other					319 790	13 617 134
	<b>Total</b>					<b>1 021 687</b>	<b>26 362 617</b>
	This expenditure will be financed from:						
	Government Grants					1 021 687	26 362 617
	<b>Total</b>					<b>1 021 687</b>	<b>26 362 617</b>
<b>47.</b>	<b>FINANCIAL RISK MANAGEMENT</b>						
	The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.						
	<b>(a) Foreign Exchange Currency Risk</b>						
	The municipality does not engage in foreign currency transactions.						
	<b>(b) Price Risk</b>						
	The municipality is not exposed to price risk.						

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<b>(c) Interest Rate Risk</b>				
As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.				
The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.				
The municipality did not hedge against any interest rate risks during the current year.				
		<b>2015</b>	<b>2014</b>	
		<b>R</b>	<b>R</b>	
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:				
1% (2014: 1%) Increase in interest rates		7 797	77 861	
1% (2014: 1%) Decrease in interest rates		(7 797)	(77 861)	
<b>(d) Credit Risk</b>				
Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.				
Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.				
Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.				
All rates and services are payable within 30 days from invoice date. Refer to note 18 and 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.				
No receivables are pledged as security for financial liabilities.				
Due to short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.				
The provision for bad debts could be allocated between the different classes of receivables as follow:				
		<b>2015</b>	<b>2015</b>	<b>2014</b>
		<b>%</b>	<b>R</b>	<b>%</b>
<u>Non-exchange Receivables</u>				<b>R</b>
Rates		8.40%	2 594 703	5.77%
<u>Exchange Receivables</u>				
Services		91.60%	28 279 281	94.23%
		100.00%	30 873 984	100.00%
				24 941 627
The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.				

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The entity only enters into non-current investment transactions with major banks with high quality credit standing. Investments to the value of R 200,000 were held as security for the overdraft facility at Standard Bank. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.						
The bank utilised by the municipality for current and non-current investments are all listed on the JSE (Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.						
The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.						
Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where						
					<b>2015</b>	<b>2014</b>
					<b>R</b>	<b>R</b>
Financial assets exposed to credit risk at year end are as follows:						
Long-term Receivables					-	-
Receivables from exchange transactions					30 018 159	25 656 805
Receivables from non-exchange transactions					4 543 481	3 104 529
Cash and Cash Equivalents					790 270	7 820 113
Unpaid Conditional Grants and Subsidies					-	-
					<b>35 351 910</b>	<b>36 581 447</b>
<b>(e) Liquidity Risk</b>						
Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.						
The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.						
The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not						
					<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>
					<b>Between 5 and 10 years</b>	<b>More than 10 years</b>
<b>2015</b>						
Long-term Liabilities					10 830	-
Provision for Rehabilitation of Landfill-sites					4 861 738	999 202
Trade and Other Payables					12 520 833	-
					<b>17 393 401</b>	<b>999 202</b>
						<b>1 623 968</b>
						<b>5 073 132</b>
					<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>
					<b>Between 5 and 10 years</b>	<b>More than 10 years</b>
<b>2014</b>						
Long-term Liabilities					25 992	10 830
Provision for Rehabilitation of Landfill-sites					756 860	-
Trade and Other Payables					9 658 833	-
					<b>10 441 685</b>	<b>10 830</b>
						<b>-</b>
						<b>2 448 037</b>



# APPENDICES

|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

# APPENDICES

						2015 R	2014 R
<b>49. STATUTORY RECEIVABLES</b>							
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:						
	<b>Taxes</b>						
	VAT Receivable					793 314	450 488
	<b>Receivables from Non-Exchange Transactions</b>						
	Rates					2 684 135	2 193 773
	<b>Total Statutory Receivables</b>					<b>3 477 449</b>	<b>2 644 261</b>
<b>50. EVENTS AFTER THE REPORTING DATE</b>							
	The Municipality is not aware of any events after the reporting date.						
<b>51. IN-KIND DONATIONS AND ASSISTANCE</b>							
	The municipality did not receive any in-kind donations or assistance during the year under						
<b>52. PRIVATE PUBLIC PARTNERSHIPS</b>							
	Council has not entered into any private public partnerships during the financial year.						
<b>53. CONTINGENT LIABILITY</b>							
	Council have the following contingent liabilities at the end of the financial year 2013/14:						
	The municipality does not have a permit or license for any of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.						
	There is a claim against Khai-Ma Municipality by three individuals for the total amount of R240 000 plus legal costs. The defendants are claiming R80 000 respectively for damages suffered due to their wrongful arrest and malicious prosecution against the two Defendants jointly and severally. The Municipality's legal council is of the opinion that the municipality will successfully defend the case. The defendants intentionally dragging the case during the past financial year. The case is stale for more than 3 years.						
	The Municipality has the following claims against them in terms of the Fencing Act:						
	AMJ Roux					135 000	-
	AL Roux					66 000	-
						<b>201 000</b>	<b>-</b>
<b>54. RELATED PARTIES</b>							
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.						
<b>54.1 Related Party Transactions</b>							
		<b>Travelling</b>	<b>Rates</b>	<b>Service Charges</b>	<b>Other</b>	<b>Outstanding Balance</b>	
	<b>Year ended 30 June 2015</b>						
	Councillors						
	S Magerman	750	462	4 456	-	379	
	AJ Josop	150 195	-	4 158	-	486	
	LH van Rooi	49 148	-	6 291	-	558	
	S Basson	8 788	2 178	5 719	-	1 217	
	S April	11 966	198	8 567	-	606	
	PA van Heerden	16 285		5 576	-	8 051	
	HJ Raman	2 350	66	5 893	-	8 589	
		<b>239 482</b>	<b>2 904</b>	<b>40 660</b>	<b>-</b>	<b>19 886</b>	

# APPENDICES

Municipal Manager and Section 57 Employees						
PJ van der Merwe	14 291	5 610	8 424	-	2 122	
KK Khumalo	35 257	-	-	-	-	
EJ Vries	38 508	5 346	7 523	-	653	
OJ Isaacs	122 623	-	-	-	-	
	<b>210 679</b>	<b>10 956</b>	<b>15 947</b>	<b>-</b>	<b>2 775</b>	
	<b>Travelling</b>	<b>Rates</b>	<b>Service Charges</b>	<b>Other</b>	<b>Outstanding Balance</b>	
<b>Year ended 30 June 2014</b>						
Councillors						
S Magerman	5 177	420	8 687	-	312	
AJ Josop	243 168	-	3 585	-	291	
LH van Rooi	12 916	-	5 871	-	312	
S Basson	1 218	1 980	7 681	-	834	
S April	2 678	180	7 809	-	540	
PA van Heerden	19 904	-	2 744	-	4 475	
HJ Raman	26 340	60	5 096	-	3 131	
	<b>311 401</b>	<b>2 640</b>	<b>41 473</b>	<b>-</b>	<b>9 895</b>	
Municipal Manager and Section 57 Employees						
PJ van der Merwe	10 497	5 100	7 777	-	1 073	
KK Khumalo	62 720	-	-	-	-	
EJ Vries	27 312	-	-	-	-	
F Mashilo	13 073	-	-	-	-	
	<b>113 602</b>	<b>5 100</b>	<b>7 777</b>	<b>-</b>	<b>1 073</b>	
The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.						
<b>54.2 Related Party Loans</b>						
Since 1 July 2004 loans to councillors and senior management employees are not permitted.						
<b>54.3 Compensation of key management personnel</b>						
The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.						
<b>54.4 Other related party information</b>						
The following members of Council and Key Management have interest in businesses during the year:						
<u>Councillor/Staff Member</u>	<u>Entity</u>					
Councillor SM Magerman	Khai-Ma Catering			-	-	
Councillor S April	Ver Wes Klein Myners			-	-	
EJ Vries	Seirv Trading			-	-	
K Khumalo	Mintlane Trading			-	-	
	Kgalakgadi Communications Technology and Stationers			-	-	
	Mzansi Environmental and Property Development			-	-	
				<b>-</b>	<b>-</b>	
<b>55. FINANCIAL SUSTAINABILITY</b>						
The extremely high cost associated with the Delivery of Basic Services and Infrastructure needs to communities due to the vast distances between several settlements coupled with the social-economic profile (high unemployment rate) of Kamiesberg communities resulted in a serious risk for Khai-Ma Municipality's going concern.						
Unless sustainable job creation is achieved, Khai-Ma Municipality will not be able to function as a going concern without Government Grants and Subsidies.						
In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.						

# APPENDICES

APPENDIX A								
KHAI-MA MUNICIPALITY								
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015								
EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2014	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2015
LEASE LIABILITY								
Office Equipment	Various	Various	30/11/2016	33 993	-	-	(23 450)	10 544
<b>Total Lease Liabilities</b>				33 993	-	-	(23 450)	10 544
<b>TOTAL EXTERNAL LOANS</b>				33 993	-	-	(23 450)	10 544

# APPENDICES

APPENDIX B						
KHAI-MA MUNICIPALITY						
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015						
GENERAL FINANCE STATISTIC CLASSIFICATIONS						
2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
217 701	(3 291 687)	(3 073 985)	Executive and council	254 895	(3 951 922)	(3 697 027)
19 795 838	(4 567 895)	15 227 943	Budget and treasury office	19 579 298	(5 844 011)	13 735 287
755 027	(11 154 210)	(10 399 183)	Corporate Services	1 052 031	(5 139 205)	(4 087 175)
-	(1 051 678)	(1 051 678)	Planning and development	-	(848 293)	(848 293)
-	-	-	Health	-	-	-
3 735 691	(1 508 647)	2 227 044	Community and social services	3 981 880	(2 233 603)	1 748 277
8 679 680	(8 679 680)	-	Housing	5 873 854	(6 113 092)	(239 238)
-	(27 764)	(27 764)	Public safety	-	(12 895)	(12 895)
2 632	(4 246 864)	(4 244 232)	Sport and Recreation	721 099	(504 200)	216 900
-	-	-	Environmental Protection	-	-	-
748 702	(3 078 736)	(2 330 034)	Waste Management	841 104	(2 844 858)	(2 003 754)
3 918 953	(2 887 145)	1 031 808	Waste Water Management	3 213 059	(2 774 615)	438 445
2 933 033	(1 530 064)	1 402 969	Road Transport	11 320 971	(902 081)	10 418 890
9 399 518	(14 583 992)	(5 184 473)	Water	7 041 461	(11 069 618)	(4 028 157)
7 090 679	(6 942 994)	147 685	Electricity	10 450 317	(10 529 499)	(79 182)
-	(197 590)	(197 590)	Other	-	(206 089)	(206 089)
57 277 457	(63 748 944)	(6 471 488)	Sub Total	64 329 969	(52 973 981)	11 355 988
-	-	-	Less Inter-Departmental Charges	-	-	-
57 277 457	(63 748 944)	(6 471 488)	Total	64 329 969	(52 973 981)	11 355 988

# VOLUME II

## APPENDIX C KHAI-MA MUNICIPALITY

### SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2015 GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals/ Impairment	Closing Balance	
Executive & Council	2 142 081	-	228 790	-	(4 775)	2 366 095	1 007 830	-	280 204	(4 418)	1 283 616	1 082 479
Budget & Treasury Office	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Services	44 069 781	-	-	-	(30 000)	44 039 781	734 727	-	1 336	-	736 063	43 303 719
Planning & Development	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-
Community & Social Services	15 544 824	-	2 804 200	-	-	18 349 024	2 909 551	-	862 092	-	3 771 643	14 577 381
Housing	-	-	1 224 350	-	-	1 224 350	-	-	-	-	-	1 224 350
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Sport & Recreation	6 539 026	-	666 552	-	-	7 205 578	1 163 407	(52 227)	282 428	-	1 393 608	5 811 970
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	4 258 139	(1 096 758)	852 457	-	-	4 013 838	2 706 669	-	282 973	-	2 989 642	1 024 196
Waste Water Management	6 816 426	-	2 103 382	-	(104 001)	8 815 807	1 031 899	-	137 692	(86 116)	1 083 475	7 732 332
Road Transport	4 692 379	-	9 767 452	-	(34 904)	14 424 927	1 274 035	-	165 241	(25 415)	1 413 861	13 011 065
Water	21 875 107	2 153	692 060	-	(1 579)	22 567 741	6 169 351	215	437 501	(1 579)	6 605 489	15 962 252
Electricity	5 613 632	1 863 708	1 635 693	-	(235 825)	8 877 208	1 410 347	224 050	145 228	(82 692)	1 696 932	7 180 276
	111 551 396	769 103	19 974 934	-	(411 084)	131 884 349	18 407 815	172 039	2 594 695	(200 220)	20 974 330	110 910 019

# VOLUME II

APPENDIX D						
KHAI-MA MUNICIPALITY						
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015						
MUNICIPAL VOTES CLASSIFICATIONS						
2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
			<b>Municipal Manager</b>			
-	(385 413)	(385 413)	Municipal Manager	92 521	(978 424)	(885 903)
217 701	(2 906 274)	(2 688 572)	Council and General	162 373	(2 973 498)	(2 811 125)
			<b>Finance</b>			
2 887 526	(234 311)	2 653 215	Assessment Rates	3 091 541	(1 155 761)	1 935 779
3 774 313	(4 120 768)	(346 455)	Chief Financial Officer	2 666 757	(4 328 850)	(1 662 093)
-	-	-	Internal Auditor	-	-	-
13 134 000	(313 868)	12 820 132	Other Subsidies	13 821 000	(359 400)	13 461 600
353 199	(6 163 231)	(5 810 032)	Propery Services	175 305	(2 691)	172 614
165 365	(4 413)	160 951	Vehicle Licencing and Testing	190 017	(19 914)	170 103
			<b>Corporate Services</b>			
13 000	(147 352)	(134 352)	Cemetery	-	(200 608)	(200 608)
401 828	(4 889 927)	(4 488 099)	Corporate Services	876 726	(5 136 515)	(4 259 789)
-	(27 764)	(27 764)	Disaster Management	-	(12 895)	(12 895)
-	-	-	Health	-	-	-
509 281	(843 071)	(333 790)	Library	784 872	(993 112)	(208 240)
3 147 047	(715 193)	2 431 853	Municipal and Public Buildings	220	(598 450)	(598 230)
66 363	242 064	308 427	Public Works	3 196 788	(392 588)	2 804 200
-	-	-	Traffic	-	-	-
			<b>Infrastructure Development</b>			
7 090 679	(6 942 994)	147 685	Electricity	10 450 317	(10 529 499)	(79 182)
2 632	(4 246 864)	(4 244 232)	Parks and Recreation	721 099	(504 200)	216 900
748 702	(3 078 736)	(2 330 034)	Refuse	841 104	(2 844 858)	(2 003 754)
3 918 953	(2 887 145)	1 031 808	Sewerage	3 213 059	(2 774 615)	438 445
2 767 668	(1 525 650)	1 242 018	Roads	11 130 954	(882 166)	10 248 787
-	(45 093)	(45 093)	Television	-	(48 846)	(48 846)
9 399 518	(14 583 992)	(5 184 473)	Water	7 041 461	(11 069 618)	(4 028 157)
			<b>Economic Development</b>			
8 679 680	(8 679 680)	-	Housing	5 873 854	(6 113 092)	(239 238)
-	(1 051 678)	(1 051 678)	IDP/LED	-	(848 293)	(848 293)
-	(197 590)	(197 590)	Tourism	-	(206 089)	(206 089)
-	-	-	Town Planning	-	-	-
57 277 457	(63 748 944)	(6 471 488)	Sub Total	64 329 969	(52 973 981)	11 355 988
-	-	-	Less Inter-Departmental Charges	-	-	-
57 277 457	(63 748 944)	(6 471 488)	<b>Total</b>	64 329 969	(52 973 981)	11 355 988

# VOLUME II

## APPENDIX E

### KHAI-MA MUNICIPALITY

#### DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2014	Correction of Error	Restated Balance 30 June 2014	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2015	Unspent 30 June 2015 (Creditor)	Unpaid 30 June 2015 (Debtor)
<b>National Government Grants</b>											
Equitable Share	-	-	-	13 821 000	-	-	(13 821 000)	-	-	-	-
Finance Management Grant	(220 822)	220 822	-	1 800 000	-	-	(1 768 365)	(31 635)	(0)	-	(0)
Municipal System Improvement Grant	475 204	-	475 204	934 000	-	(475 000)	(209 513)	(61 376)	663 315	663 315	-
Municipal Infrastructure Grant	5 021 293	-	5 021 293	8 376 000	-	-	(1 160 155)	(9 160 787)	3 076 352	3 076 352	-
Integrated National Electrification Grant	797 689	-	797 689	-	-	-	-	(797 689)	-	-	-
Energy Efficiency and Demand Side Management	2 757 230	-	2 757 230	-	-	-	(1 696 907)	(1 060 323)	-	-	-
Accelerated Community Infrastructure Programme	-	-	-	3 792 888	-	-	-	(3 792 888)	-	-	-
<b>Total National Government Grants</b>	<b>8 830 594</b>	<b>220 822</b>	<b>9 051 416</b>	<b>28 723 888</b>	<b>-</b>	<b>(475 000)</b>	<b>(18 655 940)</b>	<b>(14 904 697)</b>	<b>3 739 667</b>	<b>3 739 667</b>	<b>(0)</b>
<b>Provincial Government Grants</b>											
Housing	1 241 998	(1 241 998)	-	-	-	-	-	-	-	-	-
COGHTA - Development of 198 sites	(194 368)	194 368	-	-	-	-	-	-	-	-	-
Library	37 872	-	37 872	747 000	-	-	(784 872)	-	-	-	-
Provincial Infrastructure Grant	6 750	-	6 750	-	-	-	-	-	6 750	6 750	-
GCIS	-	-	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme	65 600	-	65 600	1 000 000	-	(65 000)	(255 683)	(666 552)	78 366	78 366	-
<b>Total Provincial Government Grants</b>	<b>1 157 853</b>	<b>(1 047 630)</b>	<b>110 222</b>	<b>1 747 000</b>	<b>-</b>	<b>(65 000)</b>	<b>(1 040 555)</b>	<b>(666 552)</b>	<b>85 116</b>	<b>85 116</b>	<b>-</b>
<b>District Municipality</b>											
Namakwa DM	94 234	-	94 234	-	-	-	-	-	94 234	94 234	-
<b>Total District Municipality Grants</b>	<b>94 234</b>	<b>-</b>	<b>94 234</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94 234</b>	<b>94 234</b>	<b>-</b>
<b>Other Grant Providers</b>											
LG SETA	43 121	-	43 121	25 236	-	-	-	-	68 357	68 357	-
Vedanta Black Mountain	20 664	-	20 664	-	-	-	-	-	20 664	20 664	-
<b>Total Other Grant Providers</b>	<b>63 785</b>	<b>-</b>	<b>63 785</b>	<b>25 236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89 021</b>	<b>89 021</b>	<b>-</b>
<b>Total Grants</b>	<b>10 146 466</b>	<b>(826 809)</b>	<b>9 319 657</b>	<b>30 496 123</b>	<b>-</b>	<b>(540 000)</b>	<b>(19 696 494)</b>	<b>(15 571 249)</b>	<b>4 008 038</b>	<b>4 008 038</b>	<b>(0)</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.